Weekend FT

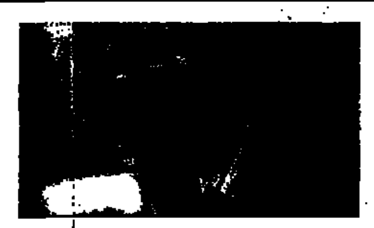
Inside Section II
16 pages

Standing up to the Doomsday virus

Aids continues to pose political, practical and moral problems. It is the behaviour of individuals that will decide whether Aids is contained and tamed, or allowed to run its destructive course, says Rex Winsbury **Page I**

Who insures your insurer?

Home and motor premiums are rising as insurance companies feel the pinch. Scheherazade Daneshkhu suggests how to find the best buys **Page III**



A professional European

Christian Tyler talks to Uwe Kitzinger, left **Page XVI**

Fairway tips

Two pages on golf holidays, plus John Hopkins on the Walker Cup **Pages VII/VIII & X**

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend August 31/September 1 1991

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WORLD NEWS

Polish government resigns over budget crisis

Poland was thrown into political turmoil after Mr Jan Krzysztof Bielecki, the prime minister, offered his government's resignation following sharp disagreements with the Sejm, or parliament, about tackling the budget crisis.

The resignation, which the Sejm will confirm or reject today, could produce a political vacuum until the country's first free parliamentary elections in October. Page 22

Labour offensive

Neil Kinnock, Labour leader, opened a fresh offensive against the government's economic policy, outlining a five-point plan aimed at ending recession. Page 22; Council tax plans, Page 4

Singapore warning

Singapore will suffer racial tension and economic decline if the ruling People's Action Party fails to win at least 60 per cent of the popular vote in elections today, Goh Chok Tong, the prime minister, forecast. Page 22

EC moves on Serbia

European Community foreign ministers are hold a meeting on the Yugoslav crisis which could see the first measures to isolate Serbia. Page 3

Nigerian riots

At least one person was killed and more than 100 others detained in Gusau, Sokoto state, northern Nigeria, during violent protests against the creation of nine new states. Bank debt pact, Page 3

RAF force for Turkey

A force of eight RAF Jaguar combat jets is being sent to Turkey to join the international force protecting Kurds from attack by Iraq, the Ministry of Defence said. Page 2

Kennedy gives evidence

US Senator Edward Kennedy appeared before a Florida grand jury investigating possible obstruction of justice in the rape case against his nephew, William Kennedy Smith.

Parliament suspended

Sri Lankan President Ranasinghe Premadasa suspended parliament for a month, avoiding early debate on an impeachment motion against him citing 24 alleged cases of abuse of power, corruption and illegal family deals. Page 3

Meat queue murder

A 69-year-old pensioner died after being struck on the head for jumping a meat queue in Pilsen, 55 miles west of Prague.

Nuclear waste plans

The government should make an early commitment to plans for an underground nuclear store, or deep repository, the Radioactive Waste Management Advisory Committee said. Page 3

Holidaymakers shot

A woman from Great Bourton, near Banbury, Oxon, was critical in hospital after she and her husband were shot by robbers on the first day of their holiday in Miami, Florida.

Scottish MP dies

Alick Buchanan-Smith, 59, Tory MP for Kincardine and Deeside, died from cancer. Obituary, Page 4

UK gold in Tokyo

Liz McColgan won Britain's first gold medal at the World Championships in Tokyo in the 10,000 metres.

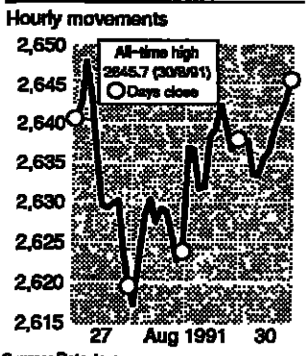
BUSINESS SUMMARY

FT-SE hits new peak as equity account ends

A quiet but confident trading session saw the UK stock market edge forward to new peaks, rounding off an eventful three-week trading account over which the London market rose by about 3 per cent. As the US dollar strengthened in response to the latest data on the US economy, the FT-SE 100 Index recovered an early fall of 5.5 to end the session at 2,645.7, a new all-time high and a net gain of 7.5 on the day. Markets, Page 13; Lex, Page 22; Weekend, Page II

FT-SE 100 Index

Hourly movements



Source: Datastream

CONTINENTAL, German tyre manufacturer, is to close its Canadian plant because of heavy losses in North America. It announced a steep drop in first-half pre-tax profits from DM100.5m to DM31.5m (£10.7m). Page 22

ASKO, fast growing diversified German retailer, increased net profits by 66 per cent to DM75m (£25.5m) in the first half of the year. Page 10

FRENCH state-controlled companies may be partially privatised to help limit the 1992 budget deficit, which is threatening to exceed the original target. Page 2

DC COOK Holdings: Directors halved their salaries after reporting a plunge in property profits to a pre-tax loss of £1.48m, less than a tenth of the 1989-90 level. Page 8

JAPANESE banks: Three top bank presidents admitted that lax credit controls contributed to their banks' involvement in financial scandals in evidence to a parliamentary committee investigating the affairs. Page 3; Moody's reviews ratings, Page 10

JUPITER Tyndall Group: A new investment management and banking group with more than £1.3bn of funds is being created through the £35m merger of Jupiter Tarbutt Merlin Holdings and Tyndall Holdings. Page 8; Lex, Page 22

BODDINGTON, UK pubs, hotels and healthcare group, further expanded its drinks wholesaling operations with the acquisition of a majority stake in Hey (UK), an independent drinks wholesaler, for £6.01m. Page 8

BUNDESBANK, German central bank, unveiled terms under which the government will begin repaying debts accumulated on interwar loans that have fallen due as a result of unification. Page 10

TNT, embattled Australian transport group, produced worse than expected equity net loss of A$197.2m (£92m) in the year to June 30, compared with profits of A$139.9m previous year. Page 10; Lex, Page 22

LLOYD'S of London was hit by a flurry of resignations before the deadline for Names to notify intention of leaving the market in 1992. Page 4

Yeltsin's Baltic trip underlines key role of Russia

THE key role being played by Russia in seeking co-operation among the republics and an orderly transition to a looser Soviet state was underlined yesterday as Mr Boris Yeltsin, the Russian president, conducted a whistle-stop tour through the three Baltic Republics, writes Our Foreign Staff.

His meetings over the last two days with the leaders of Lithuania, Latvia and Estonia – revealed only yesterday – were Mr Yeltsin's first known trip outside Moscow since last week's abortive coup. The contacts took place as part of a broader diplomatic effort which yesterday culminated in an agreement between Russia and Kazakhstan.

This followed a similar compromise agreement with the Ukraine on Thursday. Thanks to the flurry of diplomatic activity, Russia now has agreements with the two next most economically powerful republics, which it had angered earlier this week when it announced it would review borders with republics seeking independence.

KGB to be stripped of key powers ....Page 2
Russia awakes ....Page 6
Boris Yeltsin profile ....Page 6
Dominic Lawson .Weekend XVI

Both the Ukraine, which has already declared independence, and Kazakhstan, which has not, have large ethnic Russian populations and borders with Russia. The momentum behind the disintegration of the centralised Soviet state was underlined yesterday when Azerbaijan, the Turkic-speaking Trans-Caucasian Republic, declared itself an independent state. It was the sixth republic to declare its independence since last week's failed coup.

A declaration approved unanimously by the republic's parliament proclaimed the restoration of Azerbaijan's independence, which lasted just two years until it was snuffed out by the Communists in 1920.

The joint statement signed yesterday in Alma Ata, the Kazakh capital, by Mr Nursultan Nazarbayev, the Kazakh president, and Mr Alexander Rutskoi, the Russian vice president, said the two republics would work together to prevent the "uncontrolled disintegration" of the Soviet Union and called on other republics to join talks about "mutually beneficial forms of co-operation".

The Azerbaijan parliament accompanied its own declaration of independence with a similar call for maintaining and strengthening relations with other Soviet republics.

Earlier Mr Yeltsin, speaking on Russian radio, sought to calm fears that the the Soviet union's new political leaders Continued on Page 22

'Forged letter' led to fraud probe at Brent Walker

By Robert Peston and Andrew Bolger

THE Serious Fraud Office's investigation into Brent Walker was in part prompted by allegations of forgery in connection with a key letter which was written as part of arrangements to prevent the troubled leisure group from collapsing at the end of last year.

The new information on the scope of the inquiry was obtained by the Financial Times yesterday after the debt-laden group disclosed that its 1990 interim profits, announced last September, had been materially overstated and were also being investigated by the SFO.

The heading on the allegedly forged letter is that of Walker Power, a joint venture between Brent Walker and Power Corporation, an Irish property developer. The signature purports to be that of Mr Robin Power, managing director of Walker Power and chairman of Power Corporation.

However, two independent reports from forensic experts have been supplied by Brent Walker to the Serious Fraud Office stating that the signature on the letter is not authentic.

The five-line letter, dated November 20 1990, said Walker Power would not call in its loans, estimated at between £25m and £30m, made to Brent Walker.

At the time, Brent Walker had run into financial difficulties. Its 47 banks had said they would continue to provide support to the group, by way of a

Banks and lawyers at hand in struggle for survival ....Page 8
Lex ....Page 22

£1bn global facilities agreement, only if all other creditors promised to continue providing support. In theory, if Walker Power had not given its agreement, Brent Walker would have collapsed.

The SFO visited Brent Walker's central London headquarters on Wednesday at the company's request and removed a van-load of documents. Brent Walker said yesterday it had been advised by the Bank of England to call in the SFO after it had asked the Bank which regulatory body it should approach.

The overstatement of the interim figures, which the board refused to explain further, came to light after accountants KPMG Peat Marwick McLintock conducted a review of the figures earlier this year.

However, Mr George Walker, chief executive of the group until the end of May, said yesterday that the company's two firms of accountants, KPMG and Leigh Carr, had reviewed the figures with him last year, before they were published, and that at the time the board had approved them.

KPMG stressed yesterday that the original interim results were not audited and it had not at the time allowed its name to be used in support of the figures, which it would have done if they had been audited.

The latest developments in the fraud inquiry pose a further threat to the crucial and long-delayed refinancing of Brent Walker by its banks.

Mr Ken Scobie, the new chief executive, said he was confident that the latest developments would not derail the refinancing. But he said he could not guarantee that this week's revelations would not give rise to further contingencies or liabilities.

This brings the risk that banks will back out of the refinancing and send the company into liquidation.

One of the biggest bank lenders to the group said yesterday Brent Walker would find it difficult to raise any further cash from its banks.

But the company said the mis-statement of the interim profits figure had no impact on the full-year figures for 1990.

Yesterday's restatement of the annual figures, however, shows that Brent Walker had net liabilities of £56.1m at December 31 1990, compared with net assets of £139m claimed in the figures published in May.

Mr Nicholas Ward, who became managing director in April, said that after taking "a new, hard look" at the assumptions on which the figures were based, the group had made further writedowns of £195.1m, mainly on property valuations.

Tony Andrews

Dismissive: at his London home yesterday, George Walker rejected reasons given for an SFO investigation

Walker squares up to the board

By Robert Peston

THERE is nothing Mr George Walker enjoys more than a scrap. Sitting in the barrel-roofed drawing room of his apartment, at the St James's Palace end of London's Pall Mall, the former boxer was tanned and relaxed, as he spoke yesterday to the Financial Times in his first interview since the Serious Fraud Office started its investigation into the leisure group which he founded and dominated for 25 years.

"It's me against the rest of the board. But I am at my best fighting. I don't know if I am being accused and if I am what it's about," he said. "If it's what I have learned so far, it's a load of nonsense." Officers from the SFO have not contacted him, but he has written to the company saying he will give the authorities any help they want.

Mr Walker has discovered that the company's decision to call in the SFO was in part due to alleged uncertainties about who signed a letter written to the company by Walker Power, a joint venture in property development between Brent Walker and Power Corporation, the Irish company. He dismisses the five line letter as "technical" and cannot understand why questions have not been raised about it before now.

Continued on Page 22

US leading indicators give new evidence of recovery

By George Graham in Washington

DATA released yesterday gave further support to the view that the US economy is recovering reasonably strongly and will be able to avoid falling into a "double-dip" recession this autumn, although some economists still urged caution.

The index of leading indicators, one of the most widely watched economic barometers, rose a stronger than expected 1.2 per cent in July, the sixth monthly increase in succession.

The Commerce Department also announced that new orders for manufactured goods rose 6.2 per cent in July to $248.2bn, the largest monthly increase for 20 years. New orders for durable goods rose 11.2 per cent, gaining even more than the already strong performance announced in preliminary statistics last week.

The data diminished market expectations that the Federal Reserve might ease its monetary policy further. By midday, the Treasury long bond was 3/32 lower to yield 8.06 per cent.

Eight of the 11 components which make up the index of leading indicators were positive in July.

Shipments of manufactured goods rose by 0.7 per cent to $240.9bn in July, while stocks diminished by 1.4 per cent and unfilled orders increased for the first time this year, rising 1.4 per cent to $521.2bn.

Economists have been announcing a recovery since the spring, but disagree on how strong it will be.The Commerce Department earlier this week revised its gross national product statistics to show that the economy had contracted very slightly in the second quarter, rather than expanding as previously thought.

Despite the sharp jump in the leading indicators, the recovery from what economists see as the trough of the recession in April has been weaker than in previous economic cycles.

Economists note, also, that the index reflects mostly manufacturing industry, which is recovering from recession much more robustly than the service sector.

Lex, Page 22

MARKETS

STERLING
New York lunchtime:
$1.6795
London:
$1.681 (1.6815)
DM2.94 (2.935)
FFr9.98 (9.9625)
SFr2.5675 (2.565)
Y230 (230.25)
£ index 90.5 (90.7)

GOLD
New York: Comex Dec
$352.9 (355.7)
London:
$348.05 (351.95)

N SEA OIL (Argus)
Brent
$20.525 (20.225)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.749
FFr5.94
SFr1.5285
Y136.85
London:
DM1.7485 (1.746)
FFr5.9375 (5.925)
SFr1.528 (1.5255)
Y136.85 (137)
$ index 66.7 (66.4)
Tokyo close: Y136.88

US LUNCHTIME RATES
Fed Funds: 5 7/16%
3-mo Treasury Bills: 5.482%
Long Bond: 100 11/16
yield: 8.058%

STOCK INDICES
FT-SE 100:
2,645.7 (+7.5)
FT Ordinary:
2,079.3 (+13.1)
FT-A All-Share:
1,268.62 (+0.3%)
New York lunchtime:
DJ Ind. Av.
3,038.69 (−10.95)
S&P Comp
394.4(−2.07)
Tokyo: Nikkei
22,335.87 (+333.7)

LONDON MONEY
3-month interbank:
10 13/16 (same)
Liffe long gilt future:
Dec 93 7/8 (94 3/16)

SELLING PRICE IN IRELAND 80p, IN MALTA 45c

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THE SOVIET UNION

Defector's family is freed as new liberal chief unveils overhaul for state security service

KGB to be stripped of key powers in big shake-up

By Anthony Robinson in Moscow

MR Vadim Bakatin, the new KGB head, yesterday underlined his liberal approach by announcing that the family of Mr Oleg Gordievski, the top KGB agent who defected to Britain, could join him in London.

With his predecessor and other senior KGB officials facing treason charges for their involvement in last week's coup, Mr Bakatin yesterday met the media to explain the reduced role of an organisation now stripped of its special military units, of more than 200,000 border guards and of key functions like guarding the president, controlling state communications and monitoring public opinion.

The overhaul of the KGB is being mirrored in the Soviet armed forces. These face the biggest shake-up in decades, following the arrest or retirement of senior officers involved in the coup and the appointment of air force General Yevgenny Shaposhnikov as minister of defence.

Gen Shaposhnikov, at 49, is the youngest head of the Soviet armed forces since Trotsky. He outlined plans for a slimmer, more professional, and more democratic army in an interview with the army paper, Red Star, saying the army must not be used in party or political confrontation, but should serve the nation and the constitution.

The general, credited with persuading commanders of crucial paratroop divisions not to obey the coup leaders, including Marshal Dmitry Yazov, his disgraced predecessor, said he would not allow a witch-hunt in the armed forces. His priority would be to rebuild morale among officers.

Mr Bakatin said the KGB would be limited to four activities: espionage, counter-espionage, protection of key state facilities and combatting crimes like terrorism, drugs trafficking and illegal currency operations.

The moves since the coup attempt have sought to eliminate the KGB's extraordinary powers as a state within a state, to eradicate all communist party cells inside the KGB

Shaposhnikov: youngest defence chief since Trotsky

and move to a more decentralised structure open to co-operation with the newly powerful republics and foreign intelligence professionals in areas like terrorism and drugs.

Mr Bakatin, sacked as minister of the interior after pressure from hardliners last December, rallied to Mr Boris Yeltsin early in the coup. In an interview with Izvestia he denounced the old-style KGB as a threat to the state and to democracy.

His self-confident willingness to answer questions contrasting sharply with his predecessors, Mr Bakatin declared himself in favour of independence for the Baltic states and revealed that the KGB was working to find a settlement in Nagorno-Karabakh, the territory disputed by Armenia and Azerbaijan.

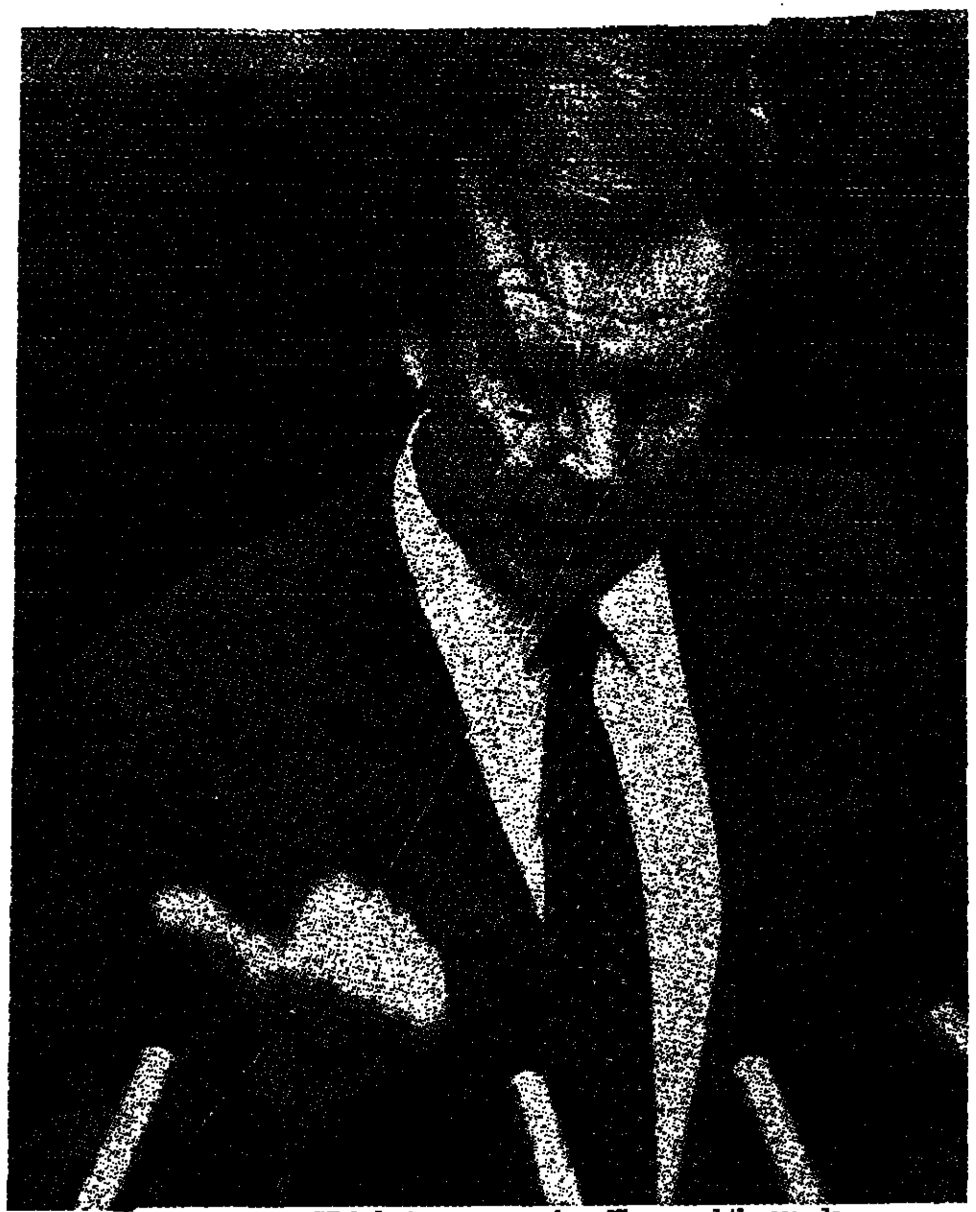
The Russian government has already taken KGB files on Russian territory under its jurisdiction but Mr Bakatin promised that no files would be destroyed and that, although operational files relating to the activities of KGB agents would remain closed, citizens would be allowed to see their files.

Gen Shaposhnikov is introducing a similarly tolerant regime to the armed forces. Conscription will be reduced to 18 months from 24 months (36 months in the navy), while a form of non-military alternative service for objectors "is not excluded", he said. Over the last three years, the armed forces have been reduced by 500,000 men to around 4.6m, of which 60 per cent are conscripts.

Mr Yeltsin's reshaping of the military this week included decrees to improve army housing, cut taxes, and improve the social conditions of officers and their families. The military is short of 200,000 homes for officers alone, while the pay of fighter pilots has reportedly fallen below that of Moscow tram-drivers.

Known as a strong critic of the military-industrial sector for its failure to supply the air force with the quality of equipment it demanded, Gen Shaposhnikov made clear that the smaller, professional armed forces of the future would not be cheap. They would demand the best equipment, but would not exceed the bounds of what he termed "sufficiency" - the "ability to ensure an efficient defence with the minimal force and means".

On the crucial issue of relations between the republics and the centre, Gen Shaposhnikov called for clearly defined demarcation of competence. He said the republics could share in military policy and the defence budget, and in such matters as training reserves and organising conscription. The creation of national guards in the republics was justified, he added.



ON THEIR WAY OUT: the KGB is losing many senior officers and thousands of troops, new chief Vadim Bakatin said yesterday

Major to present aid plan to Moscow

By Lionel Barber in Kennebunkport, Maine and Andrew Jack in London

MR John Major, the British prime minister, yesterday ended two days of talks with President George Bush which have strengthened efforts to build a common western position on aid to the Soviet Union.

Mr Major won US support for a six-point plan which provides for expanded humanitarian and food aid this winter, but avoids an early commitment to direct financial assistance until a "clear and comprehensive economic reform plan" emerges from the Soviet Union. He will present this to the Soviet leadership tomorrow in Moscow.

The prime minister's emphasis on practical steps to help the Soviet Union suited Mr Bush, a long-standing sceptic of grand plans. But Mr Major may also have pushed the Americans a little further than expected on the issue of International Monetary Fund membership for the Soviet Union.

The joint UK/US statement on aid deliberately leaves open the possibility that individual republics might in future qualify if they produce credible economic reform plans.

Mr Major has proposed "lifeline" teams to travel to the Soviet Union to help achieve efficient food production and distribution.

These could be in the Soviet Union within two weeks, it emerged yesterday.

Much of the UK private sector involvement is likely to come through the British Food Consortium, an alliance of six companies with interests in the Soviet food industry and one bank.

Sir Ronald McIntosh, consortium chairman, said he believed detailed analyses of practical food distribution problems could be carried out in three months.

The consortium includes Allied-Lyons, APV, Booker Tate, Morgan Grenfell, Taylor Woodrow, United Biscuits and Vestey.

It carried out a nine-month study of agriculture in the Kiev region.

Meeting in doubt

A human rights conference due in Moscow next month may be postponed because of the turmoil in the Soviet Union, Leyla Boulton writes. It was called by the 35-member Conference on Security and Co-operation in Europe 2½ years ago to mark progress in Soviet human rights under President Mikhail Gorbachev.

Troop withdrawal

The 258,000 Soviet troops in Germany will almost certainly be withdrawn nearly two years before the end-1994 deadline, according to Mr Willy Wimmer, a state secretary in the German Defence Ministry, David Goodhart writes from Bonn. As a result Germany may top up the DM15bn (£5.1bn) it is already paying to help fund the pullout.

Cheney cautious

Mr Dick Cheney, US defence secretary, has warned against cutting defence spending to pay for aid to the Soviet Union, George Graham writes. He urged increased spending on anti-missile protection because of doubts over future control of the Soviet nuclear arsenal and the increased threat of missile proliferation.

Japanese soothed

Soviet and Russian republic officials have assured a Japanese delegation that Soviet nuclear weapons will stay under control of a central government, Stefan Wagstyl writes from Tokyo.

Britain to discuss return of Baltics' gold

By David Blackwell

A PLEDGE by France yesterday to return to Lithuania 2.1 tonnes of gold held since the Soviet Union annexed the country in 1940 may not be matched by the UK.

The Baltic states had 14 tonnes of gold with the Bank of England, worth £95m today. However in 1968 the British government sold the lot for £5.8m to settle a long-standing dispute with the Soviet Union.

"At the time future Baltic independence was regarded as almost inconceivably remote," the Foreign Office said yesterday. "However, the government did say then and does say now that the Baltic states would be able to come back to us if they had a case."

The matter is certain to be raised next week when Mr Douglas Hogg, Foreign Office minister, visits the Baltic states.

However much of their gold the Baltic states eventually recover, the prospect of sales from the region is not troubling the London gold market. The same cannot be said of the Soviet gold in the west.

During recent weeks gold traders have been all too aware of the amount of Soviet gold which could come onto the market. Some believe that the break-up of the Soviet Union will lead to increased gold sales in the west, but others are not convinced.

"The view on our trading desk is that talk of Russian gold sales is shortsighted," said one analyst yesterday. "If they maintain the gold in London they can continue to use it as collateral. Otherwise they have shot their bolt."

The Soviets probably have accounts with all eight of the London banks which have bullion vaults. Gold stored in the vaults can be sold, swapped, placed on deposit (which attracts a small rate of interest) or just left in storage.

However, no one knows the amount of Soviet gold in the west; the Soviets have jealously guarded the secrets of their gold industry. Mr Alexandre Doumnov of Gosbank, the Soviet state bank, lifted the veil slightly at the FT Gold Conference in Vienna this summer when he said the bank's reserves totalled 374.5 tonnes. But the country, the biggest producer after South Africa, keeps its total gold stocks strictly under wraps.

Gold price hits 14-month low, Page 18

Former speaker is arrested

By Our Foreign Staff

THE fall-out from last week's abortive coup continued yesterday with confirmation that Mr Anatoly Lukyanov, the former speaker of the Supreme Soviet, had been arrested after having been deprived on his parliamentary immunity for his alleged key role in the coup.

Mr Lukyanov had been accused by Mr Boris Yeltsin of being the "chief ideologue" behind the coup.

Nervous deputies of the Supreme Soviet later voted to protect themselves from searches by prosecutors investigating the coup after Mr Valentin Falin, a former ambassador to West Germany and senior communist party central committee member complained that his home had been searched while he was addressing the parliament.

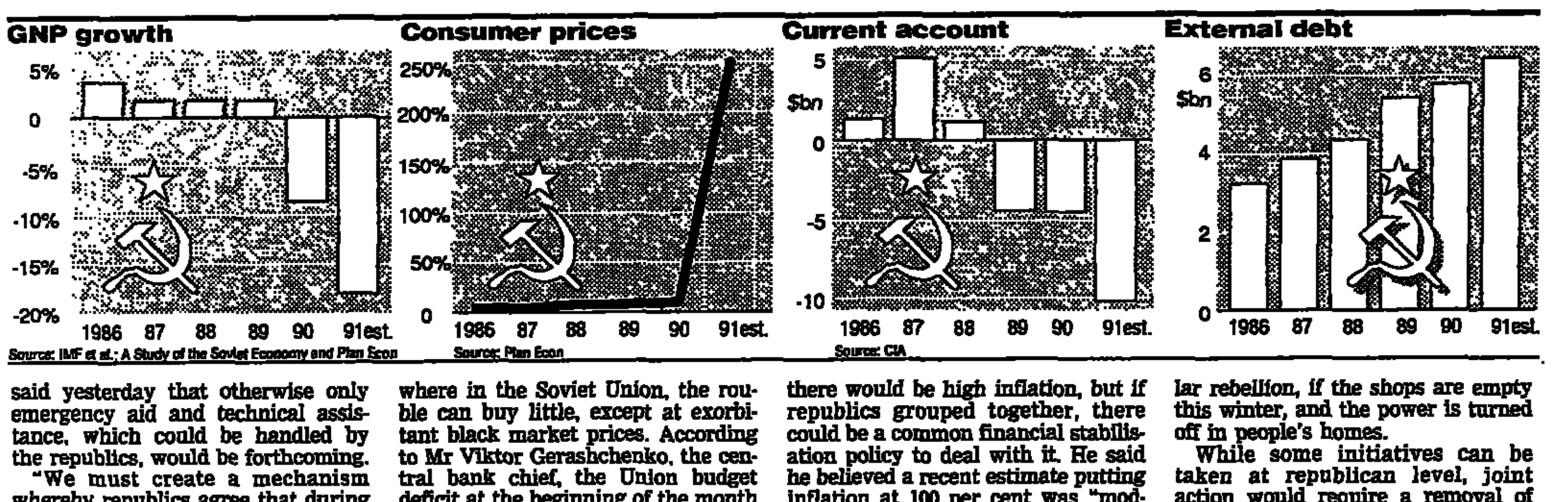
More details emerged yesterday about the Russian Republic's abortive attempt earlier in the week to gain control over the Soviet Union's foreign economic relations, including all foreign exchange trading. The Russian prime minister, Mr Ivan Silayev, is understood to have prepared a decree cancelling a previous attempt to subordinate the foreign economic relations bank, Vneshekonombank, to Russian control over currency transactions.

The original move angered other republics because the bank handles most foreign payments, and it also worried the foreign banking community because Vneshekonombank is responsible for servicing the Soviet Union's foreign debt.

A banking source said the Russian leadership quickly realised it could be made responsible for the debts of the central government and all the republics. It quickly gave Vneshekonombank general permission to conduct its operations as it saw fit.

Economic priority is to avert a winter of discontent

Leyla Boulton assesses the task of rescuing an economy awash with money but desperately short of food and fuel



IF, despite its apparent break-up, the Soviet Union can pull together a political consensus to rescue its economy, its priorities will be to see the country through the winter and get a grip on the financial chaos.

Even though Azerbaijan yesterday became the 10th republic to declare independence, the special committee set up in Moscow to run the economy after last week's coup is hoping joint economic action will still be possible.

The committee's policy recommendations will mostly depend on the political arrangements reached to preserve some semblance of unity, with a first opportunity for some clarification emerging at next week's meeting of the super-parliament, the Congress of People's Deputies.

Although all 15 republics agreed this week to take part in the committee, they have yet to restrain voluntarily their bid for sovereignty and resist the temptation of trying to rescue their economies independently.

While most seem reluctant to to create their own currencies, they have yet to subscribe to a common financial stabilisation programme. One powerful magnet to pull the republics together could be the west's insistence that substantial financial assistance will only be available if there is a coherent partner to give it to. A western expert said yesterday that otherwise only emergency aid and technical assistance, which could be handled by the republics, would be forthcoming.

"We must create a mechanism whereby republics agree that during a transition period of two to three years, there should be a central bank with powers to control inflation and an agreement on a budget," said Professor Yevgeny Yasin, a prominent Soviet economist close to the committee. "If this does not happen, we have no chance of salvation."

Prof Yasin is an adviser to Mr Arkady Volsky, a committee member. He is also a co-author of the 500-Day Programme initiated by Mr Grigory Yavlinsky, another committee member.

While the dollar is accepted everywhere in the Soviet Union, the rouble can buy little, except at exorbitant black market prices. According to Mr Viktor Gerashchenko, the central bank chief, the Union budget deficit at the beginning of the month came to Rbs72bn, not taking into account the budget deficits of individual republics whose spending is also stoking inflation and further debauching the currency.

Over the past two months, cash in circulation grew by Rbs23bn to Rbs160bn, according to Prof Yasin. Credits extended by central and republican authorities are also skyrocketing, and many enterprises are simply not paying taxes. "The situation is very, very dangerous," Prof Yasin said.

He said that whatever happened there would be high inflation, but if republics grouped together, there could be a common financial stabilisation policy to deal with it. He said he believed a recent estimate putting inflation at 100 per cent was "modest" and that inflation this year could hit 200 per cent.

Prices should be liberalised, but with state controls remaining in those sectors which had no competition. In those areas which already had some degree of competition, such as agriculture, light industry, food production, and construction, prices could be freed.

A more dramatic priority is ensuring there will be enough fuel and food to see the country through the winter. The fear is that the country could suffer another coup, or a popular rebellion, if the shops are empty this winter, and the power is turned off in people's homes.

While some initiatives can be taken at republican level, joint action would require a removal of trade barriers between republics.

Although it is not clear how feasible this is, the committee seems to be sticking to one of the old government's proposals: dispatching all consumer goods produced in September to the countryside to persuade peasants to sell or barter their grain.

There is also need for a parallel system of trade to evolve alongside the corrupt old state distribution system. This new supply network could involve the burgeoning Soviet-style commodity exchanges and the army.

"I would not even start fiddling with the collective and state farms and the question of private farming. I would simply have a situation where any peasant was told, 'Look you will be paid however you want for your produce. Just sell it,'" said Prof Yasin.

One western agricultural attaché agreed there were measures which could be effective within a fairly short period of time – such as freeing prices, and pumping extra goods, including imports, on to consumer markets.

As for falling industrial output, the main task would be to minimise decline in sectors which were key for survival such as energy, food, and transport. "I believe a fall in production is inevitable. The problem is to limit the fall in branches on which people's lives depend," said Prof Yasin.

This should be accompanied by measures to boost entrepreneurship, and attract foreign investment.

While privatisation of services and industry, and the creation of private property, was essential to a successful market economy, it was not such a priority that it should be rushed at all costs. "If we hurry with privatisation, people will make bad use of what is privatised. Privatisation is a strategic goal but not something which can be achieved in just one year."

INTERNATIONAL NEWS

Growth in west Germany likely to slow

STRONG domestic demand and continued heavy investment drove west German economic growth 4.8 per cent higher in the second quarter of the year, Chris Parkes reports from Bonn.

This advance, following a 4.2 per cent rise in the first three months, brings aggregate growth for the first half to 4.5 per cent.

Progress is expected to slow in the second half, as the impact of tax increases and weakening exports feeds through.

Mr Jügen Möllemann, economics minister, yesterday repeated that growth would be "3 per cent or somewhat more." But he also warned against "unfavourable price developments" and over-generous wage settlements.

France plans to limit deficit with partial privatisations

By Robert Mauthner in Paris

THE French Government is planning partially to privatise several state-controlled companies to help limit the 1992 budget deficit, which threatens to exceed the original target.

Mr Pierre Bérégovoy, the finance minister, said yesterday that, while a decision still had to be hammered out by the government and President François Mitterrand, he favoured an extension of partial privatisations. The one major condition should be that the state retained a majority stake in partially privatised companies.

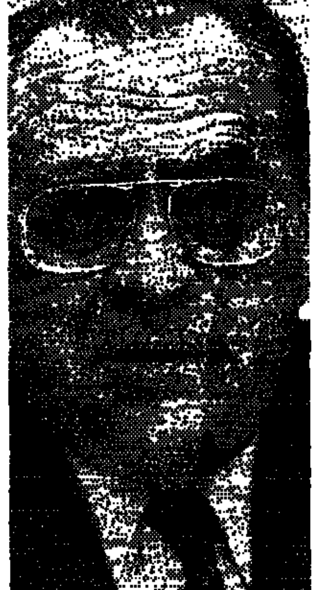
The statement came after Mrs Edith Cresson, the prime minister, conceded a demand by Mr Pierre Joxe, the defence minister, that planned cuts in the defence equipment budget should be restored. The decision prevented France from pulling out of the four-nation NH 90 military helicopter project, which Mr Joxe had foreshadowed in an astute budgetary bargaining move.

Mr Bérégovoy, obliged to find some FFr4.6bn (£460m) to offset the restored defence budget cuts and with his hands tied by an undertaking not to increase the tax burden substantially, is clearly ready to brave presidential disapproval and opposition of left-wingers.

Even partial privatisations would run counter to President Mitterrand's much-publicised promise during the last presidential and general elections in 1988 that there would be "neither further nationalisations nor privatisations" during his second term.

In practice, however, this principle has already been undermined. When the large state-controlled Péchiney metals and packaging group took over American National Can, it created a number of subsidiaries with private shareholdings.

The latest exception to Mr Mitterrand's edict came at the beginning of this month, when the state-owned bank Crédit Local de France was authorised by the Finance Ministry to offer at least 20 per cent of its capital to private shareholders, an operation expected to swell the government's coffers by as much as FFr1.4bn to FFr1.8bn.



Bérégovoy: decision to be hammered out

UK to send Jaguar jets to help protect Kurds

By David White, Defence Correspondent

BRITAIN is to send Jaguar combat jets to join the international force now based in south-east Turkey to provide protection for the Kurds of northern Iraq against attack by Iraqi forces.

The force of eight Jaguar aircraft, which will perform primarily a reconnaissance role, is expected to leave in about a week to join US and French military jets operating from Turkey's Incirlik air base.

The decision to send an RAF contingent comes more than three months after the last of the British aircraft deployed during the Gulf conflict were withdrawn from the region.

A Jaguar close-support squadron was among the first UK deployments to the Gulf in the immediate aftermath of Iraq's invasion of Kuwait last year.

British officials have been working for some time on plans to join the air effort – which includes US A-10 and F-16 aircraft – in order to supplement the UK's contribution.

The residual international force, set up after the withdrawal of allied forces from northern Iraq, already includes about 130 Royal Marines.

Mr Tom King, defence secretary, said the aim was to provide further reassurance to the Kurdish population of northern Iraq and to "maintain the coalition's ability to respond swiftly and effectively to any Iraqi behaviour which may threaten local peace and security."

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INTERNATIONAL NEWS

Japanese bank chiefs admit shortcomings to televised Diet inquiry

Lax controls led to scandals

By Stefan Wagstyl in Tokyo

THREE top Japanese bank presidents yesterday admitted that lax credit controls contributed to their banks' involvement in financial scandals.

Mr Sotoo Tatsumi of Sumitomo Bank, Mr Yoh Kurosawa of Industrial Bank of Japan and Fuji Bank's Mr Toru Hashimoto gave evidence to a parliamentary committee investigating the affairs. Cross-examined in televised hearings, the three were the first bankers summoned to the Diet since 1970. They provided ample evidence of how some of their managers were carried away by the pursuit of profit.

Mr Tatsumi and Mr Hashimoto both said their banks' excessive emphasis on profit contributed to the scandals. "We made bad judgments. We lacked discretion," said Mr Kurosawa as he described IBJ's relations with Ms Nui Onoue, a restaurateur who borrowed huge sums for stock investment. She is under arrest for allegedly using forged deposit certificates worth Y342bn (£1.49bn) as collateral, along with a manager at Toyo Shinkin, a small Osaka bank which issued the paper.

Mr Kurosawa said lending to Ms Onoue began in 1987 with Y2.5bn after she bought IBJ loan stock worth more than Y6bn. The bank then increased its loans as Ms Onoue bought more loan stock. At the peak, Ms Onoue borrowed Y90bn from the bank itself and Y240bn from the whole IBJ group. But these amounts were not excessive, he said, given that Ms Onoue held IBJ loan stock worth Y140bn. Mr Kurosawa said Ms Onoue's borrowings from the bank had now fallen to Y20bn.

Mr Kurosawa admitted that IBJ had failed to detect the forgeries when it accepted Ms Onoue's certificates as collateral. It had also accepted as genuine fake tax certificates Ms Onoue had lodged as proof of her worth. Mr Kurosawa denied she was involved with gangsters – IBJ had checked this when it heard rumours.


Sotoo Tatsumi: denied judgment was coloured

Mr Tatsumi spoke about Sumitomo's role in funding Itoman, a trader-cum-property developer driven to the brink of bankruptcy by investments in land and art. Mr Yoshihiko Kawamura, Itoman's former president, and two other men have been arrested on allegations of embezzlement and breach of trust.

Mr Tatsumi apologised for the fact that Sumitomo had failed to prevent snowballing of Itoman's borrowings. Sumitomo advised Itoman to get out of the increasingly risky property business, but it refused to listen. Mr Tatsumi denied that the bank's judgment had been coloured by close personal ties between Itoman's ex-president, Mr Yoshihiko Kawamura, and Mr Ichiro Isoda, Sumitomo's former chairman.

Mr Hashimoto confirmed Fuji too had been involved with Itoman – but unwittingly. It introduced customers to Osaka Fumin Shinyo Kumiai, an Osaka credit union, without knowing that the customers' funds were on-lent to Itoman.

Japan's surplus may add to friction

By Steven Butler in Tokyo

JAPAN'S current account surplus nearly tripled in July, while Japan also became a big net importer of long-term capital, the Ministry of Finance said yesterday. The current account surplus rose from $1.93bn in July last year to $5.04bn.

The trade surplus rose sharply from $5.32bn to $8.64bn, raising the prospect of increased friction with Japan's trading partners. Exports rose 10 per cent to $25.74bn, while imports fell 5.4 per cent to $17.1bn.

The monthly balance of payments figures also showed that Japan was again a large net importer of long-term capital in July, with the long-term capital account showing a surplus of $3.98bn, compared to a deficit in July 1990 of $8.06bn.

Japan was a net importer of capital in the first half of the year for the first time since 1980 after a decade in which Japan more than recycled its large current account surplus with large-scale investments abroad, including large purchases of US equities and government bonds.

Japanese capital exports hit a peak of $137bn in 1987. The surplus in the first half of the year was accounted for mainly by a surge in foreign purchases of Japanese securities. Last month saw a decline by roughly half, to $9.55bn, of new funds put into all categories of Japanese overseas investment, compared to a year ago.

Inward investment rose from $10.5bn to $13.5bn. Japan's basic balance, the current balance minus the long-term capital account, registered a surplus of $9.02bn, compared to a deficit of $6.14bn last year.

August consumer price data for the Tokyo area released yesterday showed prices were 3.6 per cent higher than a year ago.

However, when a sharp rise in vegetable prices due to weather conditions is excluded from the index, prices showed a year-on-year increase of 3.1 per cent, identical to July.

A 21.0 per cent decline in housing starts to 125,160 units for July added to evidence of a slowing economy. New apartment construction fell 27.8 per cent to the lowest level in 22 months, the Construction Ministry said.

NEWS IN BRIEF

UN backs Cambodia efforts

BRITAIN, France, the Soviet Union, China and the US gave qualified support yesterday to Cambodian peace efforts, AP reports from Thailand.

A joint communiqué issued by the five permanent members of the United Nations Security Council cited "very positive progress" during a week-long Cambodian peace conference. But they called on Cambodia's four warring sides to resolve the issue of how elections will be run.

Malay convicted of insider dealing

A Malaysian national who worked for Australia's securities regulator became the country's first person convicted of insider trading yesterday, Reuter reports from Melbourne.

Kian Lang Teh, 33, then an accountant with the National Companies and Securites Commission (NCSC), pleaded guilty in Melbourne's County Court to 27 counts and will be sentenced on Monday. Teh bought shares under his mother's name, the court heard.

Mexico candidate stands aside

The Mexican ruling party's victorious candidate for governor in the state of Guanajuato has declined to take office, in an attempt to defuse mounting criticisms over the conduct of this month's mid-term elections, Damian Fraser reports from Mexico City.

Mr Ramon Aguirre had officially won the election by 55 per cent to 35 per cent, but the opposition National Action Party alleged fraud, and refused to concede defeat.


Two members of a Croatian anti-terror squad patrol the outskirts of Vukovar

EC foreign ministers begin moves to isolate Serbia

By David Gardner in Brussels and Laura Silber in Belgrade

EUROPEAN Community foreign ministers will hold a special meeting on the Yugoslav crisis next week which could see the first measures to isolate Serbia, and the convening of an EC-sponsored conference on Yugoslavia's future involving those parties to the conflict which accept mediation.

The meeting, in the Hague on Tuesday, comes two days after tomorrow's deadline for the warring parties to agree to a monitored ceasefire and a peace conference.

A conference without Serbia "would bring recognition [of secessionist Slovenia and Croatia] that much nearer," a senior EC diplomat involved in the mediation efforts said yesterday.

The EC has twice this week explicitly blamed Yugoslavia's Serbian-dominated federal army and Serb paramilitaries in Croatia for the continuing fighting there.

Foreign ministers of the Twelve gave Serbia until tomorrow to accept a ceasefire, lift its objections to the EC fully monitoring the situation in Croatia, and agree to a peace conference, with arbitration by a five-strong commission of European lawyers.

Yugoslavia's federal government yesterday accepted the European Community peace proposal.

At a new conference in Belgrade, Mr Ante Markovic, the prime minister, said: "The federal government, [including General Veljko Kadijevic, the defence minister] has completely and unanimously approved the EC declaration ... to stop the tragic escalation of the conflict, and begin the peaceful and democratic dialogue on the future of Yugoslavia."

In Paris on Thursday for talks with President François Mitterrand, Serbian President Slobodan Milosevic said he would "study" the EC proposals.

Mr Milosevic, who is now isolated within the shattered federation and the EC, has refused to allow EC observers to monitor a ceasefire.

If Mr Milosevic's assent is not forthcoming by tomorrow, the EC will go ahead with a conference, and consider "international action" against Serbian expansionism.

Precisely what action the EC might take has not been specified, except to rule out any military involvement. The European Commission is examining whether there are plausible ways of releasing frozen aid and credit for Yugoslavia only to those republics inside the peace process, while working to isolate Serbia.

Sri Lankan president suspends parliament

SRI LANKAN President Ranasinghe Premadasa suspended parliament for a month yesterday, avoiding early debate on an impeachment motion against him backed by two ministers, Reuter reports from Colombo.

Members of the opposition said some 120 opposition and government parliamentarians had signed a motion citing 24 alleged cases of his abuse of power, corruption and illegal family deals.

The two ministers who backed the motion were Mr Lalith Athulathmudali, education minister, who said he had sent a letter to Mr Premadasa offering to resign, and Mr G.M. Premachandra, labour minister, who said he was submitting his resignation yesterday.

Many parliamentarians were concerned at the power of the presidency and the erosion of the power of parliament, Mr Athulathmudali said. Mr Premachandra said he was one of more than 40 government members to sign the motion.

Opposition leader Ms Sirima Bandaranaike told reporters that the action was being taken against Premadasa and not the ruling United National Party. "The country is facing a national crisis," she said.

If the motion is passed, it must be submitted to the Supreme Court for an inquiry. The ruling United National Party controls 125 of the 225 parliamentary seats. Political analysts doubt whether the rebels could muster sufficient support to secure an impeachment.

"But it is definitely a blow for the president that his own party members have signed," one analyst said. The president had acted fast to minimise the damage.

Nigeria places bank debt pact in jeopardy

By William Keeling

NIGERIA has declined to make a $15.8m payment to its commercial bank creditors and placed in jeopardy an agreement signed in principle last March to re-schedule the country's $5.8bn of commercial bank debt.

The payment was due on August 21, but officials of the London Club of commercial banks say that the Nigerian central bank have told them that it will not be forthcoming.

The deal was designed to allow Nigeria to buy back at a steep discount up to 60 per cent of its commercial bank debt.

The agreement had already been delayed after the banks were split over a section which provided for any debt not covered in the buyback to be converted into 30-year bonds.

The bonds were to carry a 6¼ per cent interest rate, with the principal to be covered by US Treasury bonds or their equivalent.

French banks had rejected the government proposal that bonds issued by the Resolution Funding Corporation (Refcorp), a US government agency, be used as collateral. Refcorp paper carries the highest triple-A credit rating.

At the March negotiations, Nigeria agreed to pay 6¼ per cent interest – the same as on the proposed bonds – on the total debt until a final agreement was signed.

Some bankers speculate that the decision to withhold interest payments is designed to pressure banks to reach a collective agreement on the use of Refcorp paper as collateral. But as one banker explained, "The deal is firmly logjammed and this move could just make matters worse".

UK NEWS

Accommodating the market: all rooms cost £17 and guests can check in automatically by using a credit card

Motel formula goes for basics

David Churchill on a French hotel group homing in on a market gap

DONCASTER is the unlikely starting point for a French hotel chain's ambitious plans to make inroads into Britain's traditional bed-and-breakfast and small commercial hotels market.

It is on the edge of this northern town that Accor, of France – the world's fourth-largest hotel chain – will in September officially open its first Formule 1 budget hotel in Britain. It operates nearly 200 such hotels in France and new ones are opening at the rate of one a week.

What makes the 64-bedroom Doncaster hotel special for Britain is that it offers for a fixed price of £17 a room a higher standard of accommodation than usual for the lower end of the hotel market. This budget sector ranges from bed-and-breakfast guest houses at £10 a night up to small commercial hotels typically costing about £20 a night.

Mr William Miller, chairman of Accor in the UK, explains: "British hotels typically concentrate on the more prosperous traveller, and while there is clearly a demand for these hotels there is also, we believe, untapped potential for people who need to travel but don't want to pay £30 to £40 a night."

The Accor move comes as the UK hotel industry is still suffering from recession. "It's the worst time for the hotel industry in modern times," says Mr Andrew Bower, associate director of Druce Hotels and Leisure, a property agency that specialises in hotels. "There are a number of hotels teetering on the edge of bankruptcy, only kept going with the goodwill of their banks."

UK hotel occupancy overall is still between 5 per cent and 10 per cent below last year's levels, according to trade estimates. Figures from Horwath Consulting, part of the Stoy Hayward accountancy group, show average occupancy in London for all hotels of just 60 per cent in June, down from 72 per cent last year and 79 per cent in 1989.

Such a decline has dented confidence in the hotel industry. Investment in new tourism and leisure projects, mainly new hotels, has declined by 25 per cent this year, according to figures from the English Tourist Board. Mr Stephen Mills, the ETB's assistant director, says: "There is no sign that such investment will rise in the near future."

Yet what makes this recession different for the hotel industry in comparison with previous downturns – such as the early 1980s and again in 1986 – is that the slide has been across the board. Previously, the top end of the market suffered most, with budget accommodation at the lower end proving more resilient.

This time the bed-and-breakfast budget sector has suffered equally. Even in Blackpool, heartland of guest house accommodation, some landladies have had to cut prices to as low as £7 a night to attract trade.

Mr Miller believes the current market is right for launching the Formule 1 concept in Britain. "People are more cost-conscious, so we expect to get people trading down to us from more expensive hotels," he says. "In addition, the cost of buying sites is cheaper now due to the recession."

The Formule 1 approach is to offer a comfortable room in a hotel close to a motorway or big trunk road, but without any of the frills, such as telephone or room service. Each room is identical, with nine square metres of floorspace, a double bed and bunk bed, a work area, television and wash basin. Toilets and showers are shared between four rooms.

The no-frills concept extends to checking in and out. Guests can check in in the normal way when the reception desk is staffed, or check in using a credit card to automatically obtain a room. That makes use of electronic technology to allocate an empty room and a code number that enables the customer to gain entry.

Electronically checking in and out may seem off-putting to many travellers, given that surveys have shown that some eight out of every 10 Britons have never stayed in a hotel. The French, however, have not been deterred by the impersonal nature of these budget hotels. Since the chain was launched in 1985, occupancy rates have averaged 77 per cent over a full year, compared with an average of about 65 per cent for all hotels in France.

Prefabricated construction allows each 64-room hotel to be built in just six weeks at a cost of about £1m, significantly less than the several millions of pounds needed to build a similar-size hotel by conventional building methods.

Mr Jonathan Bodlender, managing director of Horwath Consulting, believes that Formule 1 is a return to the original motel concept in the US that founded such hotel chains as Holiday Inn and Howard Johnson. "These were limited-service, no-frills hotels built on motorways and with easy access," he says. "With the great increase in motoring in Britain and France, there is no reason why the idea shouldn't work here as well."

Accor is not alone in believing UK hotel prices are too high in the present recession. Forte, Britain's biggest hotel chain, has recently emulated the US system of selling rooms at a single rate, irrespective of whether one or four people share the room. Its Posthouse three-star chain, for example, sells rooms at £49.50 during the week for business travellers and £10 less at weekends for leisure customers.

Ms Barbara Beckett, Forte's marketing director for hotels, says she has been "very pleased" with the response to the scheme since its June launch, but declined to give exact occupancy rates. Forte's Travelodge budget chain, which sells rooms at just under £30, reports a 99 per cent occupancy rate for last Saturday.

Accor has plans for three more Formule 1 hotels to be opened before the end of the year and, if successful, plans 20 more next year. Given those numbers, the French invasion will do little in the short term to worry the estimated 20,000 guest houses and small commercial hotels in Britain.

"But in the long run," Mr Bodlender says, "it can't do anything else but make people more conscious about better-quality overnight accommodation. And that will inevitably lead to higher standards all round."

Early move urged on nuclear waste

By Juliet Sychrava

THE government should make an early commitment to plans for an underground nuclear store, or deep repository, the Radioactive Waste Management Advisory Committee said yesterday.

The committee told a meeting to present its twelfth annual report that the repository was needed because large volumes of intermediate nuclear waste were being held around the UK.

Professor John Knill, the committee's chairman, welcomed the decision by UK Nirex, the nuclear waste disposal body run by the four state-owned nuclear companies, to present the case for the repository in an environmental statement. That will be available well before the public inquiry into the repository due in 1994.

"It is a step on the right road," Prof Knill said.

Friends of the Earth, the environmental group, said yesterday it was still concerned that Nirex would not have time to collect and assess all the geological evidence it needed to present a full safety case at the public inquiry.

Mr Patrick Green, the group's radiation campaigner, said: "The full safety case will be available later and decided in secret between the nuclear industry and the government." By then, he said, it would be hard to stop the repository going ahead.

Prof Knill agreed that the full safety case needed to be public.

The commission accepted Scottish Nuclear's proposal to store nuclear waste in "dry storage" facilities rather than reprocess it. That was consistent with "sound radioactive waste management practice," the committee said. However, unlike the deep repository, dry storage was not a long-term solution for nuclear waste, Prof Knill emphasised.

Retirement life poses challenge

By Tim Lawrence

ACHIEVING a good quality of life for 20 or 30 years after the age of retirement will be one of the main challenges of the 1990s, a professor of geriatric medicine told the association yesterday.

Professor Robert Stout, of The Queen's University of Belfast, said there had been a large increase in the number of people aged 85 and over in the past decade – a trend that would continue into the 21st century.

Income, food, housing and health are important for a good quality of life, Prof Stout told the conference, but autonomy – the ability to decide your own lifestyle – is the most important.

"It is better that elderly people should live independently and in the way that they wish, even at some risk, rather than be cocooned in a safe and sheltered environment but unable to exercise their own will," Prof Stout said.

Private nursing homes had proliferated, partly to meet the needs of dependent elderly people, Prof Stout said, but they might also reflect a general philosophy that old people should be housed where they were not likely to cause anxiety to their relatives.

Society had to learn to accept the consequences of old people living autonomously. "We accept that when children learn to walk or to ride a bicycle they may fall."

Genetic crop defence study

By Andrew Jack

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RECENT advances in genetics may allow the natural defences against insects used by wild crops – which have been destroyed by modern breeding techniques – to be reinstated.

Dr John Pickett, head of the insecticides and fungicides department at Rothamsted Experimental Station in Harpenden, Hertfordshire, told the British Association annual conference in Plymouth that crop plants might be able to achieve the robustness against pests and diseases possessed by their wild ancestors and still maintain the qualities demanded by agriculture.

Resistance to pesticides and the perceived hazards they pose to humans and the environment are driving the search for safer, sustainable approaches to pest control.

The emission of pheromones – natural chemicals – to simulate the presence of females, for example, can be used by plants to confuse males and disrupt mating, or to attract them in one area.

Other chemicals include substances that interfere with the sensory nervous system of insects and prevent them from feeding.

At the same time, some traditional cultivation methods can also be used as a deterrent, such as intercropping of onions and carrots, where both plants are grown side by side.

Dr Pickett said the mechanisms were still not fully understood.

● A national policy to reduce the amount of pesticides sprayed on farmland was demanded by the TGWU general union yesterday.

Mr Bill Morris, the union's general secretary-elect, said: "We owe it to ourselves and to the future of our country and the planet to find ways of reducing our use of pesticides."

Science fact or fiction, Page 7

Countryside dangers highlighted

By Andrew Jack

SIR David Attenborough, the distinguished zoologist who broadcasts on wildlife matters, took over as president of the British Association at the end of its annual meeting yesterday.

CHANGES in management practices, legislation and pollution have helped to create "dangerous country" in the UK that threatens its population and the environment.

That warning was given to the meeting by Professor Roy Brown, who holds the chair of countryside management at Polytechnic South West.

The countryside is a difficult and dangerous place, not the idyllic backdrop many imagine, he said. Increased mobility and leisure time are increasing risks to visitors and bringing greater hazards to the land itself. Divergent agricultural and conservation laws have made things worse.

The countryside is more than ever threatened by fire, by spread of weeds and by erosion caused by the density of visitors. People there are exposed to occupational hazards, diseases and dangerous insects and animals.

The significance of geology in affecting health may be far greater than imagined, said Dr John Potter, principal of Farnborough College of Technology. Detailed geochemical atlases being produced will help to emphasise the fundamental influence on the environment of geology, which is frequently overlooked.

Many diseases are concentrated in particular parts of Britain and may be associated with soft-water areas or those with dangerous trace elements.

GEC and BAe cut bid for naval helicopter contract

By David White, Defence Correspondent

THE GENERAL Electric Company and British Aerospace have cut the price of their joint bid for handling the Royal Navy contract for the EH101 Merlin helicopter, in a last-ditch attempt to stop the deal going to IBM of the US.

The contract, due to be decided by the government in the next few days, is worth £1.5bn to £2bn. It includes the helicopter itself, being developed by Westland of the UK and Agusta of Italy, and all its electronics and weapons systems for anti-submarine warfare.

IBM has joined with Westland in its bid to act as prime contractor for the Royal Navy version of the helicopter. GEC and British Aerospace formed a joint company last year to bid for the contract.

Amid widespread expectation that the IBM-Westland consortium will clinch the deal, Lord Weinstock, GEC's managing director, is understood to have circulated a reduced offer to government ministers this week.

The group is thought to be prepared if necessary to treat the contract as a "loss leader" to secure a place in the helicopter business and reinforce its wider interests in naval defence systems.

It is understood that Lord Weinstock made the last-minute offer in a personal letter to Mr Tom King, the defence secretary, which was also sent to other government departments involved in the decision, including the Department of Trade and Industry, the Foreign Office and the Treasury.

The GEC-BAe team has argued strongly that a US-led programme would enable the US government to obstruct exports of the helicopter. However, IBM has told the government that the US content in the project would be no more than 1 per cent of the total. It has said it intends to buy the mission avionics for the helicopter in the UK.

The defence ministry decided last year to place responsibility for the troubled EH101 programme with a risk-carrying prime contractor and to open the contract to competition.

Final bids were submitted in May and a decision had been expected in July. The first UK production order is due near the end of the year and is expected to involve about 40 helicopters rather than the 50 originally expected, reflecting a planned reduction in the navy's frigate fleet.

The overall contract will cover the completion of development, delivery of this first batch of helicopters and support during service for the first three years.

Labour attacks council tax plans

By Alison Smith

THE COUNCIL TAX is set to be as unworkable as the poll tax it replaces, Labour warned yesterday as it published a leaked government paper on benefits and discounts under the new system.

Mr David Blunkett, the opposition local government spokesman, said the proposed arrangements for the new tax, which is based largely on property values, were so complicated that local authorities would almost inevitably need some form of register.

Mr Michael Heseltine, the environment secretary, has said that, in contrast to the poll tax system, local authorities would not need to maintain a register.

The opposition said the leaked document, which was the subject of a confidential discussion between officials and local-authority representatives on Wednesday, showed:

- In most cases councils would need to know the numbers of people in a household and the relationships between them.
- Bills of identical households could differ solely on the basis of who was nominated as the person liable to pay the tax.
- Entitlement to help with bills could be lost if additional adults moved into a household.

The Department of Social Security said information needed for the council tax benefit system did not necessarily require a register, and could be gained from the claim forms filled in by those applying for the benefit.

Labour said, however, that local authorities would need extensive and detailed information because the tax involved single-person household and "status discounts" (for categories such as students and student nurses) as well as the benefit arrangements themselves.

Mr Blunkett said: "The retention of the 'head count' element as a central feature is clearly the price the right wing of the Tory party extracted for their co-operation on poll tax abolition."

Traders with a pitch in the market economy

Emma Tucker on how business at souvenir stalls has picked up

BEEFEATER dolls, maps, postcards and police helmets were shifting smartly at 10am at Mr John Richardson's souvenir stall in Westminster, central London.

"Things have picked up," he said as he darted from one postcard stand to the other. "It's as good as last year".

Things could not have looked worse a few months ago. There was the Gulf war, the recession and "all of a sudden, bombs up the road", he said, referring to the IRA mortar attack on Downing Street in February.

The summer rush of souvenir hunters has gladdened the entrepreneurial hearts of many more than just the legal traders such as Mr Richardson, who has a pitch licensed by Westminster council. As soon as the sun brings out the tourists, "illegals" set up their stalls in prime London positions, without the benefit of a licence.

Earlier this year, Mr William Davis, chairman of the British Tourist Authority, claimed that dishonest street traders contributed to keeping tourists away from Britain.

The London Tourist Board, however, says it does not receive many complaints. It is more concerned about hotels and restaurants overcharging tourists than the illegal practices of traders who, it points out, tourists are free to ignore.

Yet that does not stop Westminster council working hard to keep up with the illegals. Mr David Chambers, the council's head of licensing, said he signed between 50 and 60 prosecutions a week for illegal trading. "Street trading is a very popular part of the London scene," Mr Chambers said. "But because we can't meet the demand for the popular areas we do get a lot of illegal traders."

The City of Westminster has 1,400 pitches for street traders, covering Westminster's markets – Berwick Street, Church Street and Strutton Ground – and about 300 further pitches. Oxford Street, for example, has some 20 licensed pitches. Mr Chambers said he would expect to find three or four illegals in addition to the licensed traders every day.

"The illegals vary according to what the weather is doing," he said. In the summer, ice-cream and hot-dog stalls are the most popular. However, the more mobile the illegals, the more trouble they cause. A "spiv" selling fake French perfume from a suitcase can disappear as soon as he sees police approaching.

Meanwhile, the waiting list for licensed isolated pitches is long. On the rare occasions when a pitch becomes available it is sometimes because the previous holder has had his licence revoked. Mr Chambers described one such case. The stallholder was selling goods he was not allowed to sell, and failing to display his licence plate. To top it all, his assistants were rude to the inspectorate.

Dr Madsen Pirie, president of the Adam Smith Institute, the rightwing think-tank, believes licensing in this country is "vastly overdone".

He said: "I think the licensing system is probably too complex and ought to be simplified. Most of the traders are honest businessmen providing a service to the public."

Yet they remain frustrated. Mr Chambers says fewer than 30 new licences for isolated pitches are issued every year as most pitches are passed down through families.

The Whitehall pitch was first used by Mr Richardson's grandmother 70 years ago. "My nan was an old-fashioned flower seller," he said. "She used to sell carnations for gentlemen's buttonholes. Then when she died my grandfather, who was in the fruit business, took over."

His grandfather originally worked in the old Covent Garden wholesale fruit market, where Mr Richardson himself remembers working. But about 35 years ago, the family moved into the "souvenir game".

Further up Whitehall on the other side of Horse Guards Parade is Mr Alexander Bussey, "licensed street trader and citizen of London", as the sign above his stall boasts.

Like Mr Richardson's grandfather, his family was originally in the fruit business. "The family used to sell fruit and veg in Old Compton Street when it was a proper market." Then, says Mr Bussey, they abandoned fruit and moved into souvenirs.

Many of the traders can trace their roots back to London's wholesale fruit markets. Not all moved across the river to the new Covent Garden site at Nine Elms. Nowadays, Eliza Doolittle would probably be selling plastic police helmets.

Lydia van der Moer

Trading places: John Richardson works the pitch originally used by his grandmother, an old-fashioned flower seller

Scottish bank puts charge on credit card

ROYAL BANK of Scotland yesterday introduced a £10 annual charge for its credit cards with effect from January 20 1992. David Barchard writes.

The move means that five out of the six largest UK banks now charge for their credit cards. Earlier this week National Westminster introduced a £12 annual credit card fee on its cards.

However, customers who regularly run up large bills and do not pay them in full will have the charge waived. RBS says it will waive the charge for those who paid an average of £5 a month in interest during the previous year.

Monthly interest charges will fall from 2.0 per cent, equivalent to 26.8 per cent annual percentage rate (APR) to 1.9 per cent (26.61 per cent APR), including the fee.

Support for leftwing MPs

SUPPORT FOR Mr Terry Fields and Mr Dave Nellist, the two Labour MPs who may face suspension from the party over alleged membership of Militant, is expressed in amendments published yesterday in the agenda for the annual Labour party conference to be held in Brighton in a month's time.

Party officials dismissed the amendments as a futile gesture by a marginalised hard-left element in the party.

Mr Fields and Mr Nellist have appealed to conference to condemn the leadership for undermining party unity in the run-up to a general election. If suspended, they would not be able to stand as Labour candidates.

Tesco wins planning fight

THE HIGH Court overturned a decision by Mr Michael Heseltine, the environment secretary, to block an application by Tesco, the supermarket group, to build a 6,085 sq metre superstore on green belt land at Feltham, near Heathrow airport London.

Mr Heseltine ruled last October, against the recommendations of a public-inquiry inspector, that a superstore would be an inappropriate use of green-belt land.

Against that, Mr Justice Auld pointed out that in 1988 Hounslow borough council had granted outline permission for buildings for business use on an area of land including the Tesco site. Tesco was awarded costs.

Company fined over death

A CHEMICAL company was fined more than £20,000 after a worker collapsed in a fume-filled tank and died later in hospital.Mr Gary Collins was found unconscious after being told to "dry out" a tank at the premises of Performance Chemicals last June. An inquest returned a verdict of accidental death.

The company admitted breaching the Health and Safety at Work Act and failing to comply with regulations governing the control of substances hazardous to health. It was was ordered to pay £1,779 prosecution costs.

Dry August

THIS month has been the driest August in much of Britain since 1976. For the third successive year, temperatures were generally above average.

Tories face by-election test

By Ivor Owen, Parliamentary Correspondent

THE government faces a difficult by-election test in a marginal Scottish constituency as the result of the death yesterday of Mr Alick Buchanan-Smith, Conservative MP for Kincardine and Deeside.

His personal vote was a decisive factor in enabling him to secure a 2,063 majority in the 1987 general election (more than 5,700 down on what he achieved in 1983), when 11 other Scottish Conservative MPs lost their seats.

Mr Buchanan-Smith first became an MP in October 1964, when he won North Angus and Mearns, substantially the same constituency as Kincardine and Deeside, which he had represented since the 1983 boundary changes.

The departure of Mrs Margaret Thatcher from 10 Downing Street reduced some of the hostility displayed by Scottish voters against the Conservative Party, which saw its Scottish contingent at Westminster reduced to 10 in 1987.

A further, if minor, fillip was provided yesterday by a Glasgow Herald/System Three opinion poll, in which the Conservatives recovered a little of the ground they lost to Labour and the Scottish National party.

The figures (previous in brackets) were: Labour 45 per cent (46), Conservatives 25 (24), SNP 19 (20), Liberal Democrats 8 (8), Greens 2 (2), Others 1 (zero).

Scottish Tories are making much of the fact that the poll shows theirs to be the only main party with an improved rating. They had planned to launch their biggest autumn campaign since the 1970s.

Mr Buchanan-Smith's closest challenger in 1987 was the Liberal Alliance candidate, Mr Nicol Stephen, who polled 17,375 votes. Labour polled 7,624, the SNP 3,082 and the Greens 299.

Mr John Major, the Prime Minister, yesterday described Mr Buchanan-Smith as "a man of great integrity and courage, coupled with enormous charm". Mr Neil Kinnock, the Labour leader, said: "This news has caused both shock and deep sadness. Alick was recognised as a courteous and honourable man."

OBITUARY

Alick Buchanan-Smith: widely respected MP

A PRINCIPLED stand in favour of Scottish devolution denied Mr Alick Buchanan-Smith the senior ministerial rank he merited.

Mr Buchanan-Smith, who died yesterday aged 59 after a courageous battle against cancer, was born at Currie, Midlothian, and educated at Cambridge and Edinburgh Universities. He contested West Fife in the 1959 general election, before becoming the MP in 1964 for North Angus and Mearns, an area south of Aberdeen. After the 1983 boundary changes, he represented Kincardine and Deeside.

His belief that more effective government for Scotland could be secured by curbing the centralisation of power brought him into conflict with Mrs Margaret Thatcher. He resigned from her shadow cabinet in 1977 when, as the Labour government struggled to hold on to office, the Conservative party reversed its earlier moves towards supporting the introduction of a directly elected Scottish assembly.

Scottish devolution was no longer a live issue when the Conservatives returned to power in 1979 and he seemed an obvious choice for a senior post. However, he had to be content with the middle-ranking office of minister of state for agriculture, fisheries and food.

From 1983 to 1987 Mr Buchanan-Smith served in the same rank at the Energy Department, where he quickly showed that he had an equal grasp of the issues affecting the North Sea oil industry as of the fishing industry's needs.

After the Tory election victory in 1987, he declined the post of Scottish Office minister of state and returned to the back benches.

Principled stand on Scottish devolution

Mr Buchanan-Smith was ahead of most of his colleagues on the government benches in recognising the need to provide Thatcherism with a more "human face".

He was a widely respected figure at Westminster and MPs of all parties paid tribute to him yesterday.

He is survived by his wife and four children.

Lloyd's fears loss of 5,000 Names

By Richard Lapper

LLOYD'S OF London has been confronted this week by a late flurry of resignations in the run-up to today's deadline for Names to notify any intention to leave the market for 1992.

As many as 5,000 Names – the wealthy individuals whose capital backs underwriting on the market – are expected to leave Lloyd's this year, reducing the total of Names at Lloyd's to just over 21,000, according to members' agents, the businesses that handle the affairs of Names.

Earlier this month many members' agents were optimistic that the total exodus of Names from the Lloyd's market could be contained to between 3,000 and 3,500.

The chief executive of one members' agent said: "A significant number of people are deciding to pack it in."

Another added: "There has been a late surge of people resigning over the last week."

One members' agent said he believed that although resignations to date might be no more than 3,000, many more Names might fail to meet solvency tests in October – when their capacity to meet liabilities that have emerged in the 1989 and 1990 years will be judged by Lloyd's.

Four members' agents – all of which are among the top ten agents at Lloyd's – said they had lost about 10 per cent of their Names. The reduction is understood to have been much sharper at smaller members' agents, many of which might disappear.

With many wealthier Names increasing their commitments to Lloyd's, the decline in capacity – which governs how much insurance Lloyd's can write – is expected to be about 10 per cent, reducing capacity from £11.4bn to between £10bn and £10.5bn.

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A.M. Best Co.	A+*

*Domestic Property-Casualty Companies

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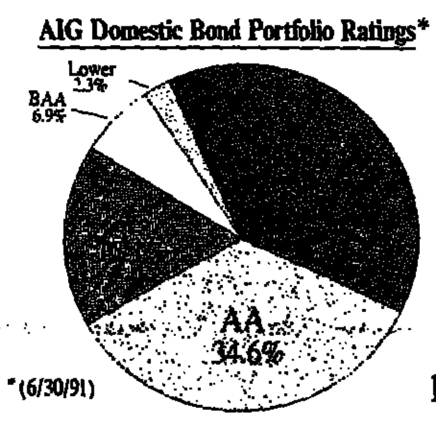

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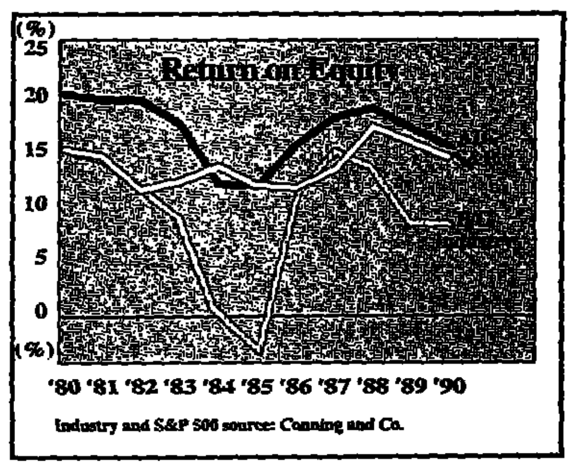

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Forecasters flying blind

WHO ARE we to believe about the putative recovery in the UK economy? The Bank of England argues that we are "bumping along the bottom". A report from the Organisation for Economic Co-operation and Development expects recovery to be hesitant and relatively weak. The Treasury is at the optimistic end of the spectrum, convinced that recovery is nigh and cheerfully forecasting growth of 2 per cent in the year to the first half of 1992. As for the National Institute of Economic and Social Research, its latest quarterly review combines a downbeat view of the recovery – "slow and hesitant" – with a classic hedging of bets. "A rapid recovery next year is quite possible," it boldly declares, "but so is a year of no growth at all".

If the National Institute is impaled on the fence, its past record gives it good reason to be so. Few of the other august forecasting bodies have much more to be proud of, least of all the Treasury, whose officials failed to forecast the strength of the Lawson boom and were equally surprised by the severity of the recession. The record has never been good. But the experience over the past economic cycle seems to have been even worse than usual.

Nor are the forecasting errors confined to macro-economics. In the private sector the insurance companies which chose to provide banks and building societies with residential mortgage guarantees made serious misjudgments about house prices, real interest rates and mortgage repossessions. Hence the huge underwriting losses recently declared by Eagle Star. The banks, in their lending policies, also reflected notably over-optimistic assumptions about the durability of the 1980s boom.

Structural upheaval

Part of the trouble lies in the methodology of forecasting. The great army of econometricians at the Treasury consists of people who are, by the nature of their discipline, obliged to make sense of the present and future in terms of numbers derived from the immediate past. This is clearly a nonsense when the real economy is subject to huge structural upheavals, as in the 1980s. So officials and politicians then bring an element of judgment to bear on misdirected science. Yet there is a widespread suspicion that they are intent on producing figures that reflect less badly on their previous efforts and cast a rosy light on the future.

Actuaries in insurance companies are prone to a similar disease. They look to the incidence of past claims as a guide to the cost of doing any given type of business in future. This works well enough with life assurance, where mortality tables have proved remarkably reliable. But in non-life insurance it is another matter; and both managers and technicians have tended to overlook the same important changes in the economy that the macro-economic forecasters overlooked, most notably the deregulation of the financial system.

Rapid shift

The 1980s boom was unique in the speed and size of the increase in indebtedness in the personal and corporate sectors of the economy and the run-down in household savings. The severity of the recession is in part a reflection of the equally rapid shift in the personal sector's financial balance from deficit back into surplus as private individuals respond to the monetary squeeze by reducing consumption and increasing savings. Yet levels of debt remain at unprecedented levels; and a decline in interest rates to a level that would almost certainly have sparked a noticeable recovery in earlier economic cycles has failed to provide the requisite stimulus. Small wonder that the forecasters are having difficulty predicting turning points.

A cynic might argue that forecasts are best dispensed with. Yet the Treasury has an obligation under the 1975 Industry Act to do the job. And to abandon the task would be tantamount to admitting that the Treasury does not understand the workings of the economy and has little rational basis for policy. The opportunity to influence expectations would also be thrown away.

There is a powerful case for introducing more discipline into the forecasting process by opening it to greater outside scrutiny and making it independent of the Treasury and more inclusive of a business view. It is no coincidence that the Confederation of British Industry is often nearer the mark than the Treasury.

But the pace of change on the supply side of the economy is becoming a near-permanent hazard for forecasters, regardless of methodology. And it is tempting to bet on structural changes in the labour market catching forecasters on the wrong foot in the 1990s in the much the same way that the credit markets upset them in the 1980s. An independent forecasting body would struggle with the same difficulties, but at least it would rid us of the scourge of the single, official, unreliable forecast to which too much importance is attached.

The largest Soviet republic has seized the chance to extend its power and influence over its neighbours, writes John Lloyd

After a long sleep, Russia awakes

A tremor of fear still runs through the Soviet Union. Not, any longer, fear of a coup, or of a re-imposed tyranny of the Communist party or a military-secret police clique. Those who would act under these banners are considered by most to have shot their bolt. The fear is of a resurgent Russia, speaking not in the name of communism, but in its own.

The tremor started with the bland announcement from Mr Boris Yeltsin's office on Monday evening that the Russian authorities would feel free to open the issue of common borders between the Russian Federation and any republic which did not sign the union treaty. By then, the two other Slav republics – Ukraine and Belorussia – had declared independence, and others were doing likewise: the three Baltic republics, Armenia, Georgia, Azerbaijan and Moldova (formerly Moldavia). In addition, Tadjikistan appeared to claim independence, and Kazakhstan had warned that it might do so.

The announcement had one effect which was presumably desired. Those republics specifically mentioned by Mr Yeltsin through the medium of Mr Pavel Voshchanov, his press secretary – Ukraine and Kazakhstan, with very large populations of recent Russian immigrants – scurried to arrange meetings with the Russian authorities.

They instantly gathered that it was to Russia they must speak, rather than to the union; that it is now Russia which decides which questions will or will not be re-opened. The nationalisms of the peripheral states – in the Baltics and in the Transcaucasus, on the western borders and even, now, stirring in the Moslem south – which over the past three years have filled the vacuum left by communism, have encountered the

The Russian colonisers are now revealed much more starkly as Russians in a foreign land – like Turkish guest workers in Germany

master nation once again. From now on, the nationalist governments and movements no longer have a weakening centre (whose reactionaries could not even manage a decent coup) with which to reckon, but a Russia now stretching and flexing its muscles, as if after a long sleep.

For the past three years, the Russian liberals and democrats, who cleaved (and still cleave) to the union as a space within which democracy for all should be developed, gradually gathered that they could no longer make common cause with the Baltic, Georgian, Moldovan and other nationalists – just as earlier generations of British and French liberals and socialists had to give up their dreams of liberalising or socialising the British or French empires from the centre.

Now they have fallen back on Russia: using it as the fulcrum of their reform; drawing on the great moral capital which the Russian parliament's defiance of the coup has brought it. On Thursday, the group Communists for Democracy led by Mr Alexander Rutskoi, the Russian vice-president, announced a change of name to... The Party of Free Russia. The social democrats, liberals, Christian democrats and above all the monarchists are Russians before they are anything else. Only the extraordinary Mr Vladimir Zhirinovsky, the leader of the Liberal Democratic Party (neither liberal nor democratic) proposes, frankly, a reassertion of the imperial mission. He found some resonance for that when he stood against Mr Yeltsin for the Russian presidency, but has been damaged by his enthusiastic support for the coup.

Yet the imperial echoes do not fade with him; on the contrary, they are now being amplified by politicians from the democratic mainstream. It was Mr Anatoly Sobchak, the mayor of Leningrad, who first drew the public's attention to the Russian claim on Crimea – settled by Russians in the 1780s – saying that Nikita Krushchev's "gift" of the area to Ukraine in 1954 should no longer be tolerated.

The hard fact now facing the Soviet peoples is that Russia remains dominant, both because of its economic power and because of the results of its relentless and restless imperialism over centuries – an imperialism which continued throughout the Soviet period and which has produced very large Russian communities everywhere in the country.

The economic power stems from its ownership of most of the natural resources worth selling: oil, gas, timber, coal. The only other substantial deposit of oil, at Tengiz, is in the northern part of Kazakhstan extensively settled by Russians (though now claimed, of course, by the Kazakh government).

Only Ukraine, a large grain grower, has a commodity which can be traded in large quantities – though its low crop yields, coupled with the progressive decay of the infrastructure and distribution system, mean that it may not have an exportable surplus. Even the advanced republics, such as the Baltics, make low-quality goods by world standards and thus will continue to need markets accustomed to low quality; while the poorer states, like many of the central Asian republics, are dependent on a cotton monoculture which would be wholly dependent on the vagaries of world demand, has no extensive export networks independent of the central authorities, and is of generally low quality.

These republics thus need Russia, as at least some of their leaders know only too well. They also need an economic agreement which would tie Russia to their markets, within which they hope that its energy resources would continue to be available at prices far below the world market levels. Already, the leaders of two Central Asian states – Kazakhstan and Kirgizia – have begun working with Russia to develop such a treaty and have it "open for signing" by others. Mr Leonid Kravchuk, the Ukrainian president, was careful to stress after his meeting with Mr Rutskoi on Thursday that his state's independence declaration did not mean that he had no interest in joining in the common economic space to which all are now condemned if they are not to fall into something worse – common disintegration.

Beyond this common perception of mutual dependence is the open question of political union. The fragile and ambiguous agreements of the union treaty – one of the few victims of the coup – for common defence, foreign and macroeconomic and financial policies appear to be no longer viable, though we must wait to see what the union-level economic committee under Mr Ivan Silayev, the Russian

prime minister, can produce in the way of convincing reasons for the republics to devolve some of their powers to a renewed union.

On the question of a union treaty much else hangs. As Mr Eduard Shevardnadze said when he appeared to refuse the job of foreign minister earlier this week, nothing is yet clear about what powers a union minister will be able to exercise. Mr Victor Gerashchenko made the same point when reinstated as chairman of the State Bank (Gosbank), after three days of enforced holiday, on Thursday: he cannot know if his job is worth doing until a union treaty is produced. The only certainty is this: that it will reflect, overtly or covertly, the dominance and the interests of Russia.

The other and more sensitive issue is the fact of the Russian diaspora. The Soviet historian VO Klyuchevsky wrote in the 1930s that "the history of Russia is of a country which colonises itself". He meant that the Russians pushed out, further and further, the borders of the Russian empire in order to find more land, more resources with which to support a population which in the 18th and 19th centuries grew more rapidly than any other in Europe – and whose poor soil, short growing season and low-productivity serf labour dictated the need for ever greater acquisitions.

Professor Richard Pipes, the historian of the "old regime", has stressed this point, and pointed out that this migratory instinct continued with the trek westward in the 1920s and 1930s of 4m Russians, mainly to Kazakhstan; and after the war, the colonisation of those parts of Ukraine, Moldova and Belorussia vacated by Germans, Poles and Jews, as well as of the Baltics.

"This [post-war] colonisation," he remarked, "in contrast with those of the past, is heavily urban. It is occasionally accompanied by mass expulsions and deportations of indigenous peoples because of 'nationalism'."

The Russian colonisers usually have continued to speak Russian not just as their first, but as their only language; they have Russian schools, which were until recently tending to crowd out native language schools, in some cases to the point of near extinction. They have been Soviet citizens, formally equal with the Soviet citizens of the "host" nationality among whom they have lived. Now, with the collapse of Soviet power, they are revealed much more starkly as Russians in a foreign land – like Turkish guest workers in Germany, a parallel with some force, since, especially in the Baltic states, the Russians usually make up an urban, industrial working class and are often looked down on by Balts on class, as well as ethnic, grounds.

As the nationalisms of the peripheral republics grow more raucous, and as demands for reparations, even revenge, against the (now illegal) Communist party and the union structures become more uninhibited – so the Russians living away from the motherland can expect more and more to experience friction with peoples who can have little liking for their presence. All kinds of calculations will go into this enmity: not least will be living space in republics (all) where overcrowding is endemic. The new politicians, dependent on the people rather than the party for voters, will seek to find something to give to their electors during the savage squeeze on incomes which will continue and worsen: empty flats will be a valuable political commodity.

These new nationalisms will become increasingly raucous: they have a lot of lost ground to make up. They cannot help but alienate, alarm and make hostile people who regard themselves as Russians, but as settled and productive in another republic. The Russians fought to extend their frontiers and fought to guard them: will they now peacefully pull back?

It is precisely this question which looms above Mr Yeltsin as he stretches himself to find the limits of his power. His first, crudely effective gambit put the matter openly on the table: it cannot now be taken off, for all the soothing which there has since been. Mr Zhirinovsky may be now down and his half-fascist rhetoric about the need for a renewed subjection of the surrounding peoples attracted scorn from many beyond the ranks of the liberal intelligentsia – but he also got approval during the June presidential elections as being "for the Russians" and has been barnstorming the country ever since to enthusiastic audiences.

Russia's new leaders have the lustre they do because they fought, successfully, to save the base on which democracy could be built. They fought on the grounds of constitutionality and liberty, against men who, though deeply unconvincing as tyrants, nevertheless would have turned the democratic clock back as far as they could.

Their political task now is to marry these ideals with the pressures and demands of Russian nationalism, and to contain and treat with the competing nationalisms of the contiguous and so-long subject nations. And this at a time when the political need for populism and chauvinism, to distract the citizens from economic misery, is at its highest.

MAN IN THE NEWS

Boris Yeltsin

Coup hero tries to erase the question mark

By John Lloyd

The question mark which, in the minds of western and Russian liberals, hung over the head of Russian President Boris Yeltsin was removed only briefly. His behaviour during the coup was swift, bold and effective. He at once became the centre of resistance, and on the night of August 20, when there was a real danger of attack on the White House, the Russian parliament, he prepared to fight to the end.

That lustre cannot easily fade. But the question about his political style once he was granted real powers, and his commitment to democratic means in exercising them, reappeared again early this week when he threatened those republics which would not join his version of a new union with border disputes, backed by Russian might. That is the core of the concern, but it does not complete it.

Mr Yeltsin is entitled to complain that the question mark is unfair. He left the Communist party last summer when it was still unclear that he would benefit by doing so. As president of Russia, he chose as his advisers people who were of a democratic, liberal bent, many of whom had been disappointed with their position in Mr Mikhail Gorbachev's circle. In Mr Gorbachev's period of "reaction" – from October 1990 to April 1991 – Mr Yeltsin was a solid opponent, warning of the danger of the men with whom the Soviet president was allied. Since these men were figures like Mr Vladimir Kryuchkov, the then KGB chief, Mr Valentin Pavlov, who was prime minister, and the late Mr Boris Pugo, interior minister at the time, it is hard to resist the view he was right.

Yet it was Mr Gorbachev (who did not leave the party until it left him earlier this week and who has not said a word of regret for the organisation into which he was born and which made him in public) who chose and then allied himself to reactionaries, even if nerveless ones. It was he who could never bring himself to back radical economic reform and who tolerated the oppressive rule of his party in countless towns, cities and districts throughout the Soviet Union.

He gained and kept the trust of the west and never quite lost it. But it is Mr Yeltsin, who has hardly sullied his democratic record since leaving the party and becoming Russia's president, who has never quite acquired it.

The difference may lie in the fact that Mr Gorbachev achieved his great reputation in the west by giving so much of the grim Soviet legacy away: conventional and nuclear weapons; support for hostile (to the west) Third World regimes and Soviet possession of eastern Europe. Of course, he said his task was to reform and re-energise the communist system, and that caused many in the west to hesitate and some to criticise those who did not stint in their praise. But it became clear that even if he meant it, as he certainly did at first, he could not achieve it – so it became a generally-tolerated eccentricity.

Mr Yeltsin, however, was not giving away power but reaching for it. That he did so like any western politician – by encouraging people to support him, rather than by telling them that they supported the party – seemed, paradoxically, to have roused the alarm in many western breasts that he is a populist. In this he was implicitly compared to Mr Gorbachev, who was neither populist nor, recently, popular.

Now Mr Yeltsin has the power. He took it on the barricades round the White House, in the two fevered and nervous nights inside it surrounded by armed bodyguards and in the hall of the Russian parliament last Friday when, with the subtlety of a rhinoceros, he prodded Mr Gorbachev into submitting to his every wish.

Even before that, he was constructing his base. Before the coup he set forth a governing structure for Russia in which all power flowed to him, where a committee of state, a security committee, regional governors and the Russian government all reported to him at the apex. This is a structure which claims so much control over so much of Russian life that there was clearly little ground on which Soviet power could stand, and that which there was, was contested.

In the columns of comment on the coup in the now really free Soviet press much space was devoted to the theory that Mr Gorbachev engineered his own removal from power in order to boost his popularity, or to cut down his reactionary enemies, or both. Yet if the outcome suggests prior conspiracy, then the chief culprit must be Mr Yeltsin, for the coup has been the single most decisive event in propelling him to a position of real, as against potential power he could have hoped for.

This theory (which is ultimately incredible) could also feed on the fact that Mr Yeltsin did not just resist the coup, but worked steadily throughout it to underpin his base by presidential decrees which he got an admiring parliament to pass as soon as it met. These decrees took all Soviet property and resources in Russian territory into Russian hands. They took all Communist party property, at home and abroad, into Russian hands. They gave him control of the armed forces, and of the banks and currency and state valuables. He became, in that time, the owner of most things of value in the Soviet Union.

Now, faced with a new situation, he can decide what to retain and what to share. He has recognised that the military forces, including the nuclear forces, must be under some form of central control – though Mr Alexander Rutskoi, his vice-president and a (just promoted) air force general, has said that Russia will have joint control of the nuclear weaponry. Mr Silayev, the Russian prime minister who functions as a caretaker Soviet premier, subordinated the Soviet State Bank, the foreign banks and the finance ministry to their Russian equivalents. He has partly restored some of their independence under western financial pressure, while appearing to retain overall Russian dominance. The point is that Mr Yeltsin is still in charge. If he needs a union and a union treaty, as he says he does, he will have it. If not, there is no Soviet interest powerful enough to insist on it.

Now is the test of that question mark. Is it composed merely of liberal qualms about a politician, rough in manner (though recently much smoothed down), quick to take offence and to offend, but now fully committed to democracy even if he must necessarily pursue it in a hectic political environment and collapsing economy with personal force and a strong state? Or is the brilliant opportunism he displayed during the coup the preparation for a new authoritarianism which is a goal rather than a temporary expedient? The latter now seems the less likely, but there is very hard pounding ahead for a new democrat.

Most UK researchers are pessimistic, writes **Clive Cookson**

Science fact or fiction

"Funding for molecular genetics research into human disease is probably easier to obtain in Britain today than anywhere else in the world at any time in history."

"The funding and administration of the physical sciences in Britain has never been more awful. We have never been more demoralised."

Those two views expressed at this week's annual meeting of the British Association for the Advancement of Science – the first from a leading genetics researcher and the second from a nuclear physicist – illustrate the diversity of mood and opinion among scientists in Britain.

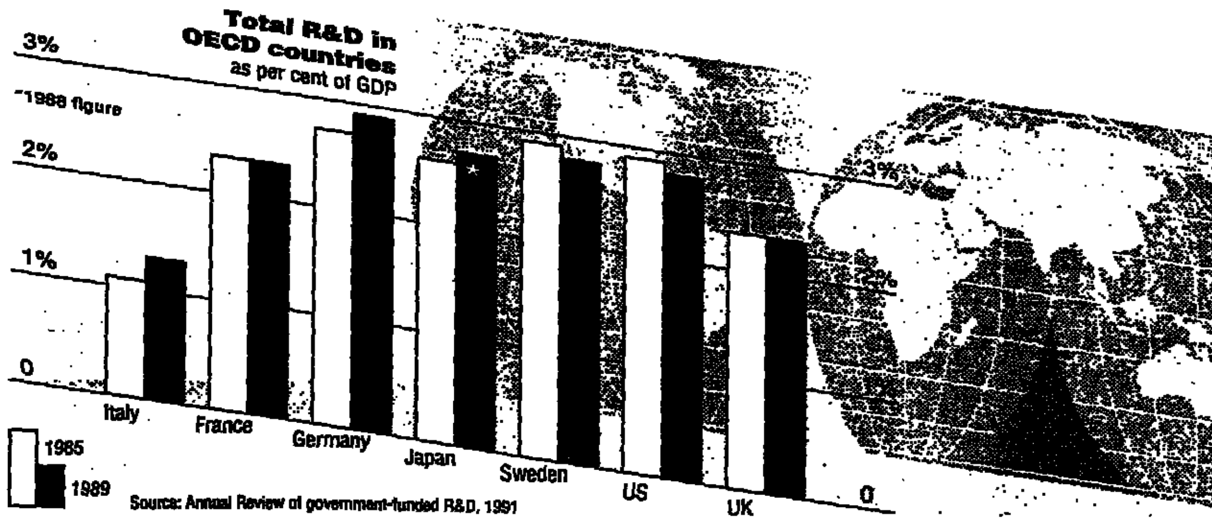
It is clear, however, from dozens of conversations at the Science 91 conference, the year's largest gathering of British scientists, that pessimism about the general state of science in the UK considerably outweighs optimism. Individuals are excited about prospects for their own research, but most say they waste time and energy extracting inadequate research grants from an inefficient funding system.

For example, Professor Colin Suckling of Strathclyde University says that UK research into catalytic antibodies – a recent discovery with immense industrial potential for speeding up biochemical reactions – was held up between 1988 and 1990 while two government departments, seven universities and nine industrial sponsors wrangled over the terms of an antibody project under the government's Link programme. An £800,000 project was eventually approved but, during that two-year delay, scientists in other countries were moving ahead rapidly with competing research.

Scientists seeking funding on a smaller scale for individual research projects complain too about the increasing time they have to spend out of the laboratory, writing and re-writing applications for short-term grants.

"There has been such a dramatic deterioration in the infrastructure of the universities that it is no longer possible to do any research without a special grant. The technicians and laboratory equipment are no longer there," says Professor Lewis Wolpert, a developmental biologist at the Middlesex and University College medical school, London.

"You can imagine how demoralising it is to put in a grant application which is alpha-rated by the research council and then be turned out through lack of funds," he says. To increase his chances of success, he submits two grant applications for the same project – one to the state-funded Medical Research Council (MRC) and another to a medical charity. "Grantsmanship" of this sort wastes the time of the research enterprise as a whole, but scientists feel they must do what they can to protect their own projects.



Yet biomedical researchers such as Prof Wolpert are in a privileged position compared to their counterparts in the physical sciences, for whom there is often only one possible source of funds: the Science and Engineering Research Council (SERC). Indeed it is noticeable that the few scientists who speak cheerfully about UK research funding, such as Professor Bob Williamson of St Mary's Hospital, London, and Dr Terence Kealey of Addenbrooke's Hospital, Cambridge, work in the biomedical field.

The main reason why conditions are somewhat healthier for biomedical science than for other fields is that the medical charities are increasing their research funding rapidly. This year their combined spending will match the £220m spent by the MRC.

Most of the new money is coming from the Wellcome Trust – owner of 74.5 per cent of the pharmaceutical company, Wellcome plc, and the world's wealthiest charitable foundation, but still remarkably little known outside scientific circles. Although the trust's spending has risen from £15m in 1981-82 to more £100m in 1991-92, the demand for its grants has increased even faster, as a result of the squeeze on MRC funds. So the proportion of good applications funded by Wellcome is falling.

Dr Peter Williams retires this month after 26 years as director of the Wellcome Trust, feeling depressed about the academic world's "relentless pursuit of grants". The trust's statistics show that, on average, senior researchers devote fewer than 10 hours per week to their projects. "The present system under which the work is done by people who are on short-term support from numerous sources is not a satisfactory basis for medical research."

His successor as director of the Wellcome Trust, Dr Bridget Ogilvy, is more outspoken. "The government doesn't recognise that research is a creative process," she says. "It treats research like putting beans into a can."

Researchers in the physical sciences depend on a SERC budget that has not only to pay for domestic research but also to meet the rising costs of Britain's contributions to CERN (the European nuclear physics centre in Geneva) and ESA (the European Space Agency). One result of the squeeze was SERC's decision this year to close the Nuclear Structure Facility at Daresbury, Cheshire, in 1992-3 – a decision that has provoked an international outcry among nuclear physicists.

Professor John Sharpey-Schafer of Liverpool University this week appealed to the prime minister to intervene. "Soon we will achieve the scientific status of Poland – lots of talent but economically second rate. In some fields, major areas of research are not addressed in the UK."

"This year has been particularly bad for SERC," says Professor Martin Rees, director of the Institute of Astronomy at Cambridge. He says the UK government should follow its continental counterparts and remove the expensive burden of CERN and space research from the basic science budget.

Talk about declining government support for research provokes a stream of statistics from ministers. Mr Alan Howarth, who is resonsible for science in the Department of Education and Science, told the BA meeting: "The science budget of the DES has increased by 23 per cent in real terms since 1979. The growth in the science budget has matched the growth of UK gross domestic product."

There seem to be three reasons why most scientists feel that their funding has been cut hard. The "sophistication factor" pushes up their costs faster than general inflation. The deterioration of university facilities means that their research grants have to provide more basic infrastructure. And the grants are going increasingly to applied research rather than to pure science.

With the Labour party promising a substantial increase in science spending – from 1.8 to 2.5 per cent of GDP – and a thorough reorganisation of research funding, and Mrs Thatcher being heard recently to call for an extra £500m for science, there is a chance that the election campaign will be the first since 1964 in which science is a real issue.

End of ideology's golden age

Philip Stephens on a colder climate for the right-wing political think tanks

It is, as they say in the think tanks, a perplexing old world.

The week began with an unseemly public dispute over whether the Institute of Economic Affairs – a bastion of Thatcherite liberalism long before Mrs Margaret Thatcher – was now cuddling up too closely to Mr John Major's caring Conservatives.

By the end, the IEA had seen the director of one of its arch-rivals, the Adam Smith Institute, offered the prize of a place on the team of high-powered advisers which will help the prime minister put his Citizen's Charter into practice.

The third of the think tanks which vie for the intellectual leadership of the free-market right in Britain had evidently decided to keep a lower profile. At the Centre for Policy Studies (co-founder Mrs Thatcher) the telephonist politely informed inquirers that "everyone is on holiday".

In one respect the dispute at the IEA – a power struggle between Mr Graham Mather, the director-general, and its two founder-presidents, Mr Arthur Seldon and Lord Harris of High Cross – can be written off as a clash of personalities.

The two sides have been at odds since Mr Mather moved to the IEA from the Institute of Directors in 1987. Mr Seldon's decision this week to resign was the latest in a series of acrimonious skirmishes which included a failed putsch against the director-general earlier in the summer.

The Charities Commission is already investigating widely-publicised allegations from anonymous sources that Mr Mather has put political (pro-Tory) expediency before a commitment to the pursuit of abstract libertarian truths. The IEA's charitable status forbids allegiance to any political party.

Allies of Lord Harris and Mr Seldon have pointed to recent IEA papers on the Citizen's Charter and on Europe as evidence that Mr Mather has sacrificed independent intellectual rigour for the sake of invitations to 10 Downing Street.

For their part, Mr Mather's allies on the IEA's board of trustees cast his opponents in the role of ageing eccentrics unwilling to admit that Mrs Thatcher's revolution has come to an end – and with it their own influence in shaping events.

The two founder-presidents, who set up the IEA in 1957, are accused by Mr Mather's friends of being stuck in a timewarp which demands that "you need a funny moustache, a brightly-coloured waistcoat and a reputation as a rebel to run a think tank". Mr Mather, a 36-year-old lawyer less than half Mr Seldon's age, prefers pin-stripe suits.

But the clash is more than one of personalities or of pre- and post-war generations. It has become an important symbol also of the end of a golden era for the free-market think tanks.

For all their genuine ambitions to influence the wider intellectual climate rather than shape the day-to-day policies of government, organisations like the IEA prospered during the 1980s for one reason above all others: in Mrs Thatcher, they found a political leader who was willing to put their theories into practice.

In opposition during the 1970s she had established the CPS with the then Mr Keith Joseph as an alternative source of advice and ideas to the consensualism of the Tory establishment. As prime minister she saw the CPS, IEA and ASI as natural allies in her battles with the opponents of the Thatcher revolution in Whitehall and cabinet.

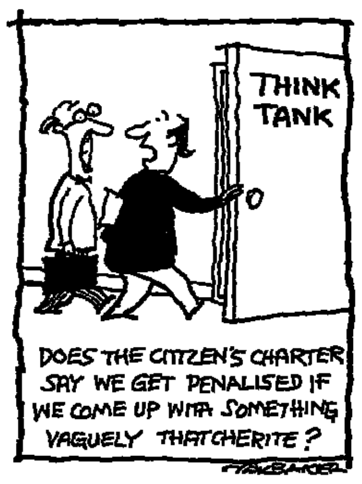
The radical prescriptions of the think tanks – on privatisation, social policy, public spending, taxation and education – became respectable in Downing Street. As Mrs Thatcher read, absorbed and annotated the flood of pamphlets which poured in, the rest of Whitehall had to take them seriously.

So if Lord Harris and Mr Seldon could cast themselves as rebels when they challenged the post-war settlement in the 1950s, with Mrs Thatcher they were swimming with, not against, the tide.

As Dr Madsen Pirie, the director of the ASI, comments with appropriately free-market imagery: "It was the decade in which the think tanks grew up . . . when the government was ready to buy off the shelf in the supermarket of ideas". A less-than-Thatcherite minister puts it slightly differently: "She wanted permanent revolution. They offered it."

Mr Major has not cold-shouldered the think tanks. He has agreed to become a patron of the CPS and is said to be impressed by the work of its director, Mr David Willetts, on education policy. His appointment of Dr Pirie to the group advising him on the Citizen's Charter marks a recognition of its work on the practicalities of "empowering" the consumers of public services.

The think tanks can claim also to be part of a permanent legacy of the Thatcherite golden age. The establishment of the left-leaning Institute for Public Policy Research



and the revival of the Fabian Society suggest that politicians of all colours now recognise the value of alternative sources of ideas.

Despite its alleged links to Downing Street, the IEA insists that the tradition of promoting intellectual debate is still flourishing. It points, for example, to the recent publication of a tract on the principles of liberalism as a piece of academic work "20 years ahead of its time".

But the climate has changed. Mr Major is a prime minister interested in incremental rather than revolutionary change, one who prefers pragmatism to ideological blueprints.

Mrs Thatcher would read CPS or IEA tracts in bed. Her successor wants a two-page summary of a practical policy proposal, not a lengthy academic treatise. The think tanks' pamphlets are now filtered through the Downing Street policy unit rather than placed directly into the prime minister's red boxes. As one insider puts it: "It's not the end of history but it is the end of ideology".

Facing the most difficult general election for the Conservatives since 1979, Mr Major is less than tolerant of the determination of the old guard at the IEA to protect the eternal truths of Thatcherism. The role of Lord Harris in promoting the anti-federalist Bruges Group – a fierce opponent of Mr Major's more conciliatory stance towards Brussels – has hardly endeared him to the new regime.

Dr Pirie's supermarket of ideas may still be trading, but it is being forced to adapt to the market reality that its main customer has distinctly less exotic tastes than his predecessor.

Letters, see below

LETTERS

Sales survey

From Mr R M Norton.

Sir, The report by Peter Marsh (27 August) on the Retail Consortium's interesting plans to develop a weekly measure of sales implies criticism of the Central Statistical Office's monthly index of retail sales which is not justified.

Your report said that the consortium's survey would cover a broader cross-section of retailers than the CSO's inquiry. The reverse is true. The consortium will approach about 50 to 70 major retail groups. While those retailers cover a little over a half of retail trade, small and medium-size firms are also important. The CSO inquiry includes about 3,500 retailers of all types and sizes and the monthly index is representative of the experience of the whole retail trade.

You also said that the consortium would collect data on the volume of sales, that is after allowing for the effect of price changes, rather than their value in current prices and so would provide better quality information.

Again, this is not true. The consortium will follow the same practice as the CSO and collect information on the value of sales. An approach seeking information directly on the volume of sales is unlikely to be practicable and would give less reliable estimates.

R M Norton,
deputy head of division,
Central Statistical Office,
Cardiff Road,
Newport, Gwent

Think tanks and economic policy in the UK

From Mr Arthur Seldon.

Sir, Alison Smith ('Storm blows up in a think-tank', August 28) correctly conveyed my views about the origins of the Institute of Economic Affairs (IEA) and the three central reasons why it worked by influencing the climate of opinion rather than by attempting to persuade government directly. This was the advice Hayek gave our founder, Sir Antony Fisher.

But the views she reported from Lord Vinson and Sir Alan Peacock do not clarify the anxieties – now followed by the resignation of some of its most distinguished advisers, with more to come if the anxieties are not soon removed.

Lord Vinson sadly attempts to minimise the anxieties. They run far deeper than "the tensions as the old order gave way to the new". Now that the differences on the purpose and *modus operandi* of the IEA are in the public domain, there is a better chance that they will be faced by its managing trustees and resolved.

The IEA will then be able to continue the work for which it was established – to investigate the neglected scope for the use of markets in the solution of economic problems, not least in the services provided inefficiently by government.

Lord Vinson's "new order" differs from "the old" mainly in its lack of expertise and practice in the arts of conducting this work, performed successfully, according to its critics, for 30 years before "the new order" came on the scene.

Sir Alan's defence of "the new order" is also disappointing. "One puts forward ideas professional economists, journalists and politicians will consider". That is self-evident; but it hardly meets the anxiety that the direct method of persuasion of politicians is not the task for which the IEA was founded.

If "the new order" wishes to conduct such a course it is free to establish its office and raise funds to support it. The funds, still existing, given to "the old order" were to pursue the methods of "the old order", not to "a new order" then not in existence.

Much good could now come by open discussion of these issues. Sir Alan says "the success of the Institute rested not just on the marketing and editorial skills of Lord Harris and Mr Seldon".

He seems to have changed his mind since 1987 when he offered an "ode to the IEA" at the Institute's 30th year celebration which shows a felicity with words that belies Thomas Carlyle's misdescription of "Professors of the Dismal Science":

"Fritz Hayek's fears
For post-war years
Met anger and derision.
Then Fisher backs
Two Cockney chaps
To save us from perdition.
And when those
politicians claim
That Ralph and Arthur
are to blame
For screwing up the
planners' game
What better recognition?"

Arthur Seldon,
The Thatched Cottage,
Godden Green,
Nr Sevenoaks, Kent

Business schools' programme for the USSR

From Mr Andrey Masiuk.

Sir, Quentin Peel, in his article "Aid from the west" (August 24/25), suggests that the west can best help by "sending people" to the Soviet Union. Three of Europe's top business schools – IMD, Insead and the London Business School – have set up a programme that goes one step further and will train the trainers of management in the Soviet Union and central and eastern European countries essentially to help themselves.

There is a vacuum of management capacity in these countries and economic change cannot outpace the capacity of the workforce to adapt to new management models. Emphasis should be placed on training local managers to use local knowledge to assimilate western management methods into what will remain a changing, clumsy economic environment for a number of years to come.

An essential pillar of the European Community's response to this educational challenge should be the establishment of a specific know-how training fund. The fund would be most effective if it bases its financial support on the practical criterion that economic change is most effectively driven by capable *local* management than by brilliant foreign advisers.

Andrey Masiuk,
manager, advanced management education programme for central, eastern Europe and USSR,
Lausanne,
Switzerland.

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Christmas cheer

From Mr John Dodwell

Sir, Your editorial, "Holiday Work" (August 29) was to the point, but why leave Christmas out of it?

Christmas should be fixed to the last weekend in December for the convenience of traders and commerce generally, with Boxing Day the "Bank Holiday Monday" and New Year's Day following within two or three days, allowing everyone back to work within a week.

John Dodwell,
Besford Bridge House,
Nr Pershore, Worcs.

Sterling's entry into ERM has 'fundamental implications' for UK pension funds

From Mr Ken Spry.

Sir, As an international fund manager, I found John Plender's lesson ("A lesson for fund managers", August 27) has left me little wiser.

He has identified a number of trends from the 1980s and extrapolated them, with varying degrees of confidence, into the 1990s. Thus for corporate profits, which have expanded their share of GNP during the last decade, "there must be at least a chance it [the ratio of corporate profits to GNP] will recover further in the 1990s". However, currencies prove more difficult for "the trend (of D-Mark and yen appreciation) is subject to interruptions and could anyway be terminated by structural changes in the underlying economies". Try offering that piece of analysis at a trustees' meeting.

There is very little evidence of a rising trend in the share of GNP represented by corporate profits in the UK. The early 1980s saw a trough as profit margins declined during the recession. Subsequently, there was a cyclical recovery, with a further decline in 1986. The present ratio is close to the average of the last 30 years.

Comparison with other economies is complicated by different accounting conventions but in the US at least, it is very hard to agree that the comparable statistic is anything like as high as in the UK.

"Nobody necessarily expects to extract higher returns by investing in higher-growth economies." Some careful wording, but in general higher growth rates have led to higher returns to stock market investors. The key, as always, is timing. Over the last 20 years, for example, the real return from Japanese equities has been over five times that of UK equities despite the declines recently seen in that market.

Also, it seems, as innocents abroad we are being "ripped off by intermediaries", leading to high turnover and underperformance. However, the 1990 W M Co survey says that "the average fund has outperformed the indices in continental Europe and Japan but underperformed slightly in the USA". This overall outperformance resulted from funds being underweight in Japan. By concentrating on stock selection, Mr Plender conveniently ignores the more important contribution to fund performance: asset allocation.

On the subject of risk, the W M Co survey again highlights the value of investment overseas. "The composite portfolio (including overseas equities) has consistently offered a lower variability of return than the UK equity portfolio over the more recent periods with the reduction being as much as 3 per cent to 4 per cent."

The most significant question now facing equity investors is the impact of sterling's entry into the ERM. This has implications for the future course of interest and inflation rates as well as the value of the pound. The speed with which the UK labour market responds to the discipline imposed by the ERM will directly impact the profitability of the corporate sector, with fundamental implications for the assets and liabilities of UK pension funds. It is remarkable that Mr Plender did not comment on this.

Ken Spry,
head of international equities,
Royal Insurance Asset Management,
1 Cornhill, London EC3

Funds of £1.3bn for investment management and banking group

JTM and Tyndall in £35m merger

By Jane Fuller

AN INVESTMENT management and banking group with more than £1.3bn of funds is being created through the £35m merger of Jupiter Tarbutt Merlin Holdings and Tyndall Holdings.

JTM's offer of 37.5 new shares plus 25p cash values each Tyndall share at 63p, using JTM's closing price of 167p, up 3p. Tyndall's share price rose from 49p to 57p yesterday. The cash offer is 53.5p.

The merger – to create the Jupiter Tyndall Group – follows a big reorganisation at Tyndall after a catastrophic foray into Australia. It bought just over 60 per cent of Clayton Robard, an Australian fund management concern, for £118m a few months before the 1987 market crash.

This eventually led to the write-down and sale of the Australian subsidiary and a capital reconstruction to eliminate the deficit on its profit and loss account. In the 16 months to April 30, a pre-tax profit of £2.28m was made and debt was wiped out.

About 70 per cent of the emergent business lies in two banks, the larger one on the Isle of Man and the other in London.

It also has a fund management arm specialising in the Far East and a trust administration operation which Mr James Duffield, who will be chairman and chief executive of the combined group, said might not be kept.

He heads the JTM fund management business, which has grown rapidly since its foundation in 1985. In April 1989 it took over Merlin, which specialised in "green" (environmentally sound) investments.

JTM came to the main market in March by reversing into Vantage Securities. It will issue up to 20.3m shares to complete the merger, more than doubling its share capital. The holding of "directors, family and friends" will drop from 85 per cent to 45 per cent.

Mr Duffield said Tyndall's cash management skills would complement JTM's fund management business. He stressed that Tyndall's banks were low risk deposit takers, putting money into the UK's 25 leading institutions rather than making loans.

Because of fears that the Bank of England's closure of the Bank of Credit and Commerce International would cause withdrawals from small banks, he said JTM had watched closely for adverse effects. Retail deposits, the main part of the business, went up by £1m, while the low-margin wholesale side had suffered.

JTM made a profit before tax of £455,000 in the four months to June 30, and earnings per share were 2.69p. The interim dividend is 2p.

A pro forma forecast of the group's 1991 pre-tax profit is £5.6m, with a rise to nearly £7m next year.

Capital refinancing at Ingersoll Publications

By Michiyo Nakamoto

MR RALPH Ingersoll, the controversial American owner of the Birmingham Post and Mail group, has reached preliminary agreement with several financial institutions on a recapitalisation of his publishing businesses.

The deal, which involves financing by Charterhouse Development Capital and equity underwritten by Charterhouse and Midland Montagu Ventures, comes just one year after Mr Ingersoll retreated from newspaper publishing in North American to concentrate on his businesses in the UK and Ireland.

The recapitalisation was announced in the wake of widespread speculation over the finances and future strategy of Ingersoll Publications, Mr Ingersoll's UK-Irish publishing vehicle.

Last year, Ingersoll Publications had annual revenues of $178m (£106m) and bank debt of $109m, according to Mr Ingersoll.

He had been looking at various options for the group, including the sale of the Birmingham Post and the Coventry Evening Telegraph, acquired in 1987 for over £60m, to raise a total of about £100m.

But "Mr Ingersoll has always wanted to attract additional equity into the group," said Mr James Plugh, chief executive. Agreement on a recapitalisation made it unlikely that the newspapers would be sold, Mr Plugh added. Precise details of the refinancing are not disclosed as the deal was still evolving.

Mr Ingersoll last year relinquished his stake in his US interests to partners, EM Warburg Pincus, a New York investment firm, in exchange for control over Ingersoll Publications, after the US group technically defaulted on some of its junk bonds.

Banks and lawyers at hand in the struggle for survival

Andrew Bolger on 'more cautious' Brent Walker

A GRAPHIC picture of the fight for financial survival going on within Brent Walker was offered yesterday by Mr Ken Scobie, chief executive of the debt-laden property and leisure group.

Mr Scobie was one of the new management team brought in by the banks who are supporting Brent Walker after they forced the group's founder, Mr George Walker, to step down as chief executive at the end of May.

Asked whether he was concerned that the new management team risked breaking the law by continuing to trade a company which is insolvent, Mr Scobie replied: "We take continuous advice from prominent lawyers on that point every week – indeed we spoke again to our lawyers, Freshfields, this morning."

Mr Scobie, who is also deputy chairman, is confident that the board is in the clear as long as it continues to enjoy the support of the group's banks and advisers for the strategy of carrying on running the profitable parts of the group – pubs and the William Hill betting chain – while making an orderly disposal of its other assets.

The desperate plight of the company is revealed by the revised results for 1990 which the company published yesterday. In May, Mr Walker said the group's net assets had dwindled by £690m to £189m by the end of last year.

Mr Nicholas Ward, who became managing director in April, said that after taking "a new, hard look" at the assumptions on which those figures were based, the company had now decided to make further write-downs totalling £195.1m – giving a negative net worth of £56.1m at the end of 1990.

The biggest write-down referred to the difference between the £352.5m value which certain properties were given by directors and their disposal value of £249m, according to a professional valuation carried out in March of this year.

Ken Scobie: taking continuous legal advice

Mr Ward said Mr Walker had persuaded the audit committee *to show the higher figure* in the balance sheet, but the new management team had now decided to take a "more cautious view."

A further £40m of the write-down was attributed to the freezing of the deal involving Walker Power, a joint venture between Brent Walker and the Dublin-based property group Power Corporation, which owns the Trocadero Centre in London.

Brent Walker agreed to swap its 50 per cent stake in the Trocadero and Blackpool's Tower shopping centre in exchange for Power's 50 per cent stake in the island site beside the Trocadero in April this year, and included it in the May results as a significant post-balance sheet event.

Now that the deal has been *put* on hold, Brent Walker has written down £15m of operating profit and £25m gain on asset value which it booked in May.

A further £30m write-down came from a reduced view of the value of two further group property investments, a 24 per cent stake in a Los Angeles hotel and a 43 per cent stake in a hotel in Tunis.

Mr Ward said the remaining £25m write-down came from a variety of smaller adjustments.

Although Brent Walker said yesterday that the interim profits for 1990 had been materially overstated, *and were* being investigated by the Serious Fraud Office, it insisted this had no effect on the restated full-year figures.

The restatement of the 1990 figures increased the pre-tax loss from £246.8m to £358.5m. Operating profits fell from £122.2m to £107.2m because of the reversal of the contribution from Walker Power.

Exceptional charges rose from £38.11m to £111.68m and extraordinary charges increased from £201.72m to £221.12m, mainly due to the property write-downs. The rest *of the* write-down was made against reserves.

One notable exceptional item was refinancing costs of £13.99m, associated with the refinancing carried out last November.

No provision has been made for the costs arising this year relating to the current efforts to refinance the group, but it is likely to dwarf last year's figure.

Last year's standstill agreement on debt repayments only aimed to provide a tourniquet to staunch the group's losses – and the banks have been working full-time on a permanent solution since then.

First pay-out from B&C Merchant Bank

By Richard Waters

A first pay-out of $150m (£89m) to creditors of British & Commonwealth Merchant Bank will be made at the beginning of October, Ernst & Young, the bank's administrators, said yesterday.

The payment, representing 43p in the pound, follows the failure of the administrators' one-year seach to find a buyer *for the bank and their* subsequent decision to wind it down.

Ms Maggie Mills, one of the administrators, said that creditors would eventually receive all of their money back, plus interest, probably by the end of 1993. The bank's latest balance sheet, at the end of June, showed net assets of £36m, she said. The intial payment is the result of a voluntary arrangement between the administrators and creditors. Although BCMB already has the $150m to pay out, a period of 28 days has *to pass before the* arrangment can come into effect.

Property side forces DC Cook to loss of £1.5m

By Jane Fuller

A PLUNGE in property profits to less than a tenth of the 1989-90 level left USM-quoted DC Cook Holdings with a pre-tax loss of £1.48m for the year to April 30. The directors responded by halving their salaries.

The property division, which mainly develops petrol stations for oil companies, made a trading profit of only £560,000, compared with £7.1m. Because of the Gulf war, no sales were made to oil companies in the second half.

After the poor performance, the three directors decided to cut their pay by an average of nearly 50 per cent. They also waived their entitlement to the maintained annual dividend of 1p, to save a further £179,000.

The lack of replacements so far for two directors who resigned in the past year will also save some money.

Cook's slide into the red at the pre-tax level followed a *recovery to* £2.13m in 1989-90 as it came to terms with the loss of several Nissan car dealerships.

Turnover fell from £191.5m to £122.7m.

Last year, the motor division, which had established new dealerships to replace Nissan, improved its trading profit to £2.08m (£390,000) despite the decline in the new car market.

Mr Charles Pettingell, finance director, said the number of dealerships had contracted from 36 in 1989 to 17, representing six manufacturers.

Discontinued businesses, including car rental, lost about £500,000 and an exceptional provision of £607,000 was made for losses arising from the collapse of a sub-contractor.

The group was driven into the red by £3m (£5.1m) of interest payments. Debt was reduced from £17.1m to £10.6m, giving gearing of just over 100 per cent.

After a tax credit, fully diluted earnings per share fell to 0.15p (5.41p).

Falling demand cuts Macfarlane by 16% to £4m

By James Buxton

Macfarlane Group Clansman, the Glasgow-based packaging company chaired by Lord Macfarlane of Bearsden, who as Sir Norman Macfarlane was chairman of Guinness, has broken its run of regular increases in pre-tax profits.

For the six months to June 30 pre-tax profits fell by 16 per cent to £4.02m (£4.8m). Sales on continuing activities were down at £42.2m (£44.3m).

Packaging, the largest division in the group, experienced reduced demand throughout the UK with trading in the south particularly difficult. Nearly all companies in the division made lower profits.

However, the two companies in the plastic moulding division performed well, benefiting from substantial investment. Reorganisation of the development division will be completed by the year-end.

Earnings per share fell to 5.33p (6.21p). The interim dividend is lifted to 1.75p (1.702p).

Do you look a gift horse in the mouth even if it's a pig in a poke?

As companies rush headlong into rights issues, where does it leave the institutions, asks Norma Cohen

AS INSTITUTIONAL investors face the biggest onslaught of rights issues in years, a small dose of scepticism has crept into the market. That scepticism is forcing companies to offer larger discounts on share prices and higher yields.

Ladbroke's announcement on Thursday that it wanted its rights to raise £464m brings the year's total to a record £7.66bn. Thus, companies have already surpassed the go-go days of the UK stock market in 1987, when just over £7bn-worth of rights issues were launched.

After an initial wave of cash calls earlier this year, fund managers are bracing for yet another round of fund-raising exercises by companies who need to restock balance sheets worn away by high debt service expenses and years of recession.

Furthermore, there are few signs that the market for new paper is saturated.

According to Mr Bill Smith, equities strategist at Barclays de Zoete Wedd, institutions started the year with about £25bn in cash, roughly 7 per cent of portfolios.

That has now been wound down to less than £20bn, approximately 4 per cent of portfolios, but there are signs that institutions are selling gilts to raise money for share purchases.

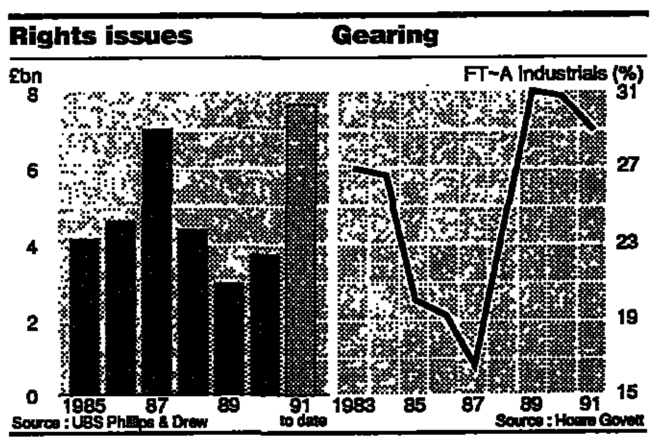
"We reckon that for 1991, institutions will be able to take up the offerings of UK equities and gilts," says Mr Alun Jones, equities strategist at UBS Phillips & Drew.

However, the institutions themselves say they are somewhat more choosy about which rights issues they wish to participate in and, indeed, several privately admit to having turned down some of the biggest.

Many of them remember all too well the lessons of 1986 and 1987, when share capital financed expansion that proved uneconomic.

"Almost all the rights issues this year have been to pay for managements' past excesses," says Mr David Manning, manager of UK equities at Legal & General.

But rather than boycott the issues of companies bearing the brunt of over-expansion in the late 1980s, institutions are simply demanding more generous terms.



Terms of the most recent rights issues have offered handsome discounts of 12-17 per cent from current share prices to give underwriters an added degree of comfort. Discounts of less than 10 per cent had previously been more typical.

Similarly, gross dividend yields, many more than 9 per cent, have characterised recent issues while the market's current average yield is about 4.5 per cent.

Indeed, Trafalgar House's £310m rights issue offered a gross dividend yield of 14 per cent.

But beyond considerations of attractive terms, fund managers say they are increasingly wary of so-called "opportunistic" calls intended to help companies capitalise on a surging stock market.

A fund manager at one major institution says that May's £387m rights at Argyll, the food retailer, came under fire because the company could not demonstrate any visible need for cash.

"If all they want to do is raise the cash and invest it, well, we can do that as easily as they can," he says.

However, he admits he decided to underwrite the Argyll deal after calling in the management and learning that the company had embarked on a more ambitious expansion plan than had been earlier announced.

Similarly, the £24.5m rights offering of US-based George Scholl & Co, the shoe and footcare products manufacturer, attracted criticism.

Fund managers said that some potential rights issuers had been discouraged from issuing in pre-marketing meetings with institutions. "I've been visited by five or six who I know had been told 'no go'," maintains one investment manager.

But despite some notable flops – Mountleigh's recent £96m issue attracted only a 12 per cent take-up because of investor concern about how the property company was being run – most of the largest rights issues have all been digested by the markets, with institutional take-up rates of at least 80 per cent.

However institutions themselves concede that even if they are not happy either with the underlying stock or the company's motives for selling new shares, it would be hard to turn down the opportunity to participate in an issue. At the heart of their decision lies the underwriting system, a symbiotic relationship between companies, brokers and institutions that offers incentives to all to work together.

"It's money for old rope," says one fund manager, noting that the underwriting fees typically offset the risk that his institution might be lumbered with unsold securities. Managers say they make a distinction between performing an underwriting role and actually purchasing the shares themselves.

Fund managers also say they fear that, if they reject unprofitable deals, brokers will retaliate against them by denying them the opportunity to participate in the money-spinning issues.

"Brokers expect you to take the smooth with the rough," said a fund manager. "And if you assume that 99 out of 100 offerings are successful, you would be ill-advised to turn one down."

Boddington spends £6m to extend wholesaling side

By Philip Rawstorne

BODDINGTON, the pubs, hotels and healthcare group, yesterday further expanded its drinks wholesaling operations with the acquisition of a majority stake in Hey (UK), an independent drinks wholesaler, for £6.01m.

The deal will increase the turnover of Boddington's beer, spirits, wines and soft drinks wholesaling division to £100m. Sales had already doubled last year from £30m to £60m.

"It is now becoming a very important part of the group's business," maintained Mr Hubert Reid, managing director.

"It is cash generative, margins are benefiting from the growing scale of the operation, and the beer volumes, combined with those of our pubs, have strengthened our purchasing power."

Mr Reid said that the Hey business would complement Boddington's coverage of north-west England with nine depots in Yorkshire and the north-east.

In the last two years, Boddington has also extended its operations in the Midlands and the south of England.

Boddington is acquiring 74.44 per cent of Hey through a combination of 1.8m new shares, £2.38m of loan stock and £814,000 in cash.

It has reached agreement with Alan Patricof Associates, the principal remaining minority shareholder, to acquire its holding not later than June 1995.

Hey, which recently disposed of its manufacturing and soft drinks dispensing operations, incurred a pre-tax loss of £105,000 last year but operating profits were £1.17m on turnover of £39.3m. Net assets at the March year-end amounted to £4.45m.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
25	F.P.	–	39½	29	♦Airbreak Leisure 5p	37		a1.75	1.8	6.3	9.6
†	F.P.	–	110	105	Capital Ventures 1p	110		–	–	–	–
–	F.P.	–	10	8	City of Oxford Wrrnts.	10		–	–	–	–
100	F.P.	–	100	93	County Smaller Cos.	96		M3.38	–	4.7	–
–	F.P.	–	28	20	Do. Warrants	28		–	–	–	–
4	F.P.	–	9½	4¼	Calvar 3p	5½		–	–	–	–
–	F.P.	–	320	213	Eurotunnel '91 Wrnts.	265	–3	–	–	–	–
100	F.P.	–	110	105	Gartmore Scotland Inc.	109		M11.6	–	14.2	–
100	F.P.	–	98	85	Do. Capital	96	+2	–	–	–	–
–	F.P.	–	£650	£605	Do. Units	£630		–	–	–	–
146	F.P.	–	161	148	Irish Life Ir10p	159		HQ102%	–	5.8	–
100	F.P.	–	107	101	Kleinwort High Inc. 5p	106		M7.5	–	9.4	–
§§290	F.P.	–	323	297	Lowndes Lambert 5p	322	–1	L11.5	1.9	4.8	15.0
100	F.P.	–	105	101	Murray Split Income 10p	104		M10.58	–	13.6	–
100	F.P.	–	100	96	Murray Split Tst. Cap. 10p	96		–	–	–	–
–	F.P.	–	2550	2520	Do. Units	2550		–	–	–	–
††	F.P.	–	47	47	Scottish Value Trust	47		a1.8	0.8	5.1	34.6
50	F.P.	–	54	47	♯Simpsons of Cornhill 5p	47		–	–	–	14.6
1	F.P.	–	½	½	♯Stanelco 1p	½		–	–	–	–
100	F.P.	–	103	100	US Smaller Cos.	103		–	–	–	–
100	F.P.	–	36	23	Do. Warrants	36		–	–	–	–

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
50	Nil	–	16pm	9pm	♦Applied Holographics 5p	9pm	
33	Nil	–	1¼pm	1¼pm	Beaverco 5p	1¼pm	
10	Nil	–	2pm	1½pm	Benson Group 2.5p	1½pm	
47	Nil	–	25½pm	17pm	Bimec Inds. 5p	25½pm	+½
225	Nil	–	27pm	8pm	Capital & Counties	10pm	
20	Nil	–	3pm	2pm	♯Pelican 20p	2pm	–½
39	Nil	–	8pm	4pm	Try Group 10p	8pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast, annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♯ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100	F.P.	–	100	98½	Cambourne Inds. 10¼pc Rd. Deb. 2001	99½	+1
100	F.P.	–	90	79½	Claybithe 9½pc Cnv. Ln. 2000-01	79½	
100p	F.P.	–	109½p	104¼p	Gartmore Scotland Zero Div Prf.	109½p	+½
100p	F.P.	–	108p	102½p	Kleinwort High Income Zero Div Prf.	108p	
102½p	F.P.	–	107¼p	103p	Murray Split Cap Tst Zero Div Prf 10p	107¼p	

TRADITIONAL OPTIONS

- First Dealings Aug. 19
- Last Dealings Sept. 6
- Last Declarations Nov. 21
- For settlement Dec. 2

For rate indications see end of London Share Service

Calls in **Arlen, Interlink Express** and **Mountleigh.** Puts in **Maxwell Comms. and St. Ives.**

NEWS DIGEST

Church falls to almost break-even

CHURCH & CO, the shoe retailer, wholesaler and manufacturer, reported "disappointing" pre-tax profits of £14,000 for the first half of the 1991 year, compared with £1.87m previously.

Mr John Church, who became chairman in May, said the result reflected a combination of the Gulf war (when tourism "virtually came to a halt") and the severe recession in the UK, US and Canada. Losses were incurred in UK retail, in Canada, America and Hong Kong, though all the other companies in the group remained profitable.

Cost saving measures had been made, particularly within A Jones & Sons and both US and Canadian companies.

Turnover was £31m (£33.7m) and the pre-tax figure was struck after an exceptional charge of £185,000 (nil) relating to redundancy and rationalisation costs. Earnings emerged at 0.4p (10.9p) per share, but the interim dividend is held at 3p.

A Jones, a wholly owned subsidiary, made pre-tax losses of £117,000 (profits £314,000) on turnover of £13m (£14.4m).

TI to spend $14.2m on US company

TI Group, the specialist engineering group, has agreed in principle to buy the Belfab division of Pacific Scientific for $14.2m, or £8.4m.

Florida-based Belfab designs and makes precision-welded metal bellows and mechanical seal products, mainly for use in aerospace and industrial applications. In the year to December 28 it made operating profits of $1.2m on sales of $9.9m.

Clondalkin 16% ahead at I£5.62m

Clondalkin Group, the Dublin-based printing and packaging group, announced a 16 per cent rise in taxable profits on increased contributions from Ireland, the UK and the US.

The rise, from I£4.85m to I£5.62m (£5m), came from sales advanced to I£85.2m (I£81m). The interim dividend is increased to 1.696p (1.572p) on earnings per share of 10.47p (9.14p).

Heritage reduces its losses to £381,000

Heritage, the USM-quoted household goods and hardware wholesaler, reduced its losses from £1.18m to £381,000 pre-tax in the "traumatic" year to April 30, though again no final dividend has been recommended.

In the previous year, 1.29p was paid, but at the interim stage.

Turnover was down at £10.5m (£11.5m), despite, in the words of Mr Jeffrey Lampert, chairman, the "most difficult trading conditions Heritage has ever experienced" and the fire in April 1990 which destroyed the main warehouse and offices.

The pre-tax loss included exceptional costs of £197,000 of *under-insurance on the business* interruption policy. However administrative costs were reduced to £1.36m (£2.01m). The losses per share were cut to 7.08p (16.74p).

English & Overseas falls into loss

In the first half of 1991 English & Overseas Properties fell from profits of £908,000 into a pre-tax loss of £551,000.

The result was struck after exceptional provisions of £672,000 as a result of the level of lettings both in respect of take-up and rents achieved.

The loss per share was 9.46p (10p earnings) and the interim dividend is cut to 0.5p (2p).

Mr Jim Clark, the chairman, said the company's fee income continued to grow and the investment operation was expanding.

Turnover fell from £1.22m to £575,000.

Sharp decline to £0.7m at Mallett

Profits were sharply down at Mallett, the London antique dealer in which House of Fraser holds a 29.93 per cent interest, in the first half of 1991.

Taxable profits of £680,000 (£2.68m) were struck on turnover also sharply down at £4.92m (£8.36m), though the company said that the extent of the falls were accentuated by the comparison with the first six months of 1990 when profits had been unusually strong.

However the company was also affected by the difficult trading conditions throughout the antiques and fine art markets, as well as the increased overheads of its new building. The cost structure is being examined and cuts have been made in some areas, including the directors waiving 10 per cent of their salaries.

Earnings were down at 3.25p (12.6p) per share and the interim dividend is reduced from 2p to 1.5p.

Bennett & Fountain returns to the black

Sharply reduced operating and interest costs enabled Bennett & Fountain to swing from losses of £9.99m to profits of £2.31m pre-tax for the year to end-June.

Turnover of the group, an electrical wholesaler and retailer which has been operating under a new management team for the past 12 months, amounted to £74.1m (£88.1m).

A reorganisation and *restructure over the period* resulted in disposals and the closure of certain operations.

Operating expenses were cut from £25.7m to £12.9m and interest charges from £6.06m to £2.46m.

Earnings per share emerged at 2.2p (losses 23.2p).

At the year-end group borrowings had been reduced to £14.1m (£42.2m).

Voltex Holdings owns some 60 per cent of the group's equity following a £20m subscription in July 1990.

English & Cal assets decline

Net asset value per share of English & Caledonian Investment fell from 255.6p to 193.4p over the 12-month period to June 30.

Net revenue declined by £50,000 to £134,000, equal to earnings of 2.99p (4.1p). As already announced, a final dividend of 2.15p makes a 3.15p (3p) total.

Grafton declines to I£1.62m

Reduced taxable profits of I£1.62m (£1.47m) were announced by Grafton Group, the Dublin-based builders' merchant and DIY retailer, for the half-year to June 30. The comparable result was I£2.3m.

The interim dividend is held at 2.5p although earnings per share fell to 7.5p (9.6p).

Mr Michael Chadwick, chairman, said that most of the group's businesses serving the Irish construction industry had produced satisfactory profits even though there had been a reduction in activity in that sector.

Turnover improved from I£39.5m to I£45.6m but trading profits fell and interest payments rose to I£553,000 (I£176,000).

Arnotts improves to I£1.21m

Taxable profits at Arnotts, the Dublin-based department store operator, improved to I£1.21m (£1.1m) in the half-year to July 31. The previous figure was I£1.08m.

Turnover advanced to I£19.2m (I£18.6m) and, after tax of I£495,000 (I£470,000), earnings per share rose from 3.5p to 4.1p.

The interim dividend is unchanged at 2.25p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Arnotts	int	2.25♣	Dec 31	2.25	-	7
Church & Co	int	3	Oct 23	3	-	12.5
Cook (DC) §	fin	1	Oct 15	1	1	1
Eng & Ovs Props	int	0.5	Oct 4	2	-	2.5
Heritage §	fin	nil	-	nil	nil	1.29
Ladbroke	int	4.92	Jan 2‡	4.68	-	10.61
Macfarlane	int	1.75	Oct 11	1.702	-	4.034
Mallett	int	1.5	Oct 14	2	-	6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♣Irish currency. ‡Corrected.

ECONOMIC DIARY

TODAY: General elections in Singapore.

TOMORROW: Mr John Major, prime minister, is expected to make a brief stop in Moscow before commencing a three-day visit to Beijing. He then goes on to Hong Kong for a two-day visit. Roumanian government to align petrol prices with world levels as part of market economy programme. Amnesty International annual conference in Yokohama, Japan.

MONDAY: Non-aligned movement foreign ministers' conference in Accra (until September 7). TUC annual conference in Glasgow. International Pharmaceutical Federation holds annual meeting in Washington.

TUESDAY: The Treasury gives figures for United Kingdom official reserves during August. US Commerce Department publishes figures for construction spending in July. Inter-governmental conference on economic and monetary union meets in Brussels at level of ministers' personal respresentatives. Trial begins in Miami of former Panamanian military leader Mr Manuel Noriega on drug trafficking and money laundering charges.

WEDNESDAY: The Central Statistical Office announces statistics for overseas travel and tourism in June. The Department of Energy issues advance energy statistics for July. The Department of Employment gives details of employment, unemployment, earnings, prices and other indicators.

THURSDAY: The Department of the Environment announces figures for housing starts and completions in July. The Central Statistical Office publishes cyclical indicators for the United Kingdom economy (July-second estimate). US Commerce Department issues statistics for capital spending for second quarter, while the Labor Department announces figures for productivity and costs during the second quarter (revised).

FRIDAY: US Labor Department gives unemployment figures for August and the Commerce Department publishes leading indicators for July. Patriotic Front of anti-apartheid groups meets in Cape Town (until September 8).

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Friday August 30 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Aug 29 Index No.	Wed Aug 28 Index No.	Tue Aug 27 Index No.	Year ago (approx) Index No.	1991 High	1991 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (183)	866.19	+0.3	9.69	5.58	12.72	23.39	863.77	858.68	855.94	762.56	890.04 15/3	675.31 16/1	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (24)	1113.80	....	8.27	5.57	15.36	31.82	1113.55	1108.02	1100.13	961.83	1167.75 14/3	911.64 16/1	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (31)	1164.60	+0.2	9.44	6.70	13.99	32.68	1161.97	1165.94	1163.46	1214.75	1438.66 15/3	1051.83 23/1	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (11)	2467.22	+0.4	9.70	5.40	13.18	63.95	2457.27	2453.96	2465.47	2119.80	2495.28 3 /4	1837.98 22/1	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (24)	1775.79	+0.5	8.44	5.12	15.26	48.40	1766.40	1751.89	1756.26	1618.30	1958.19 15/3	1478.08 16/1	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (8)	407.68	+0.1	16.76	6.15	7.15	12.11	407.27	410.47	407.34	428.51	469.23 9 /4	380.48 16/1	502.42 13/6 /90	380.48 16/1 /91
7	Engineering-General (45)	483.73	+0.2	10.96	5.31	11.20	13.13	482.80	480.15	479.80	416.08	483.73 30/8	339.57 23/1	505.10 15/6 /90	339.57 23/1 /91
8	Metals and Metal Forming (8)	454.47	-0.5	14.90	7.77	8.21	17.15	456.97	451.96	447.71	428.05	509.18 3 /4	381.44 16/1	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (12)	360.87	+0.4	9.10	6.66	13.54	12.13	359.26	358.99	356.94	308.95	360.87 30/8	266.43 16/1	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (20)	1673.34	+0.6	8.36	4.81	14.04	36.42	1664.18	1643.76	1639.21	1351.89	1673.34 30/8	1147.76 16/1	1881.53 18/8 /89	277.55 15/1 /81
21	CONSUMER GROUP (188)	1567.58	+0.5	7.35	3.49	16.77	26.76	1560.15	1553.30	1548.67	1200.00	1567.58 30/8	1188.45 16/1	1567.58 30/8 /91	61.41 13/12/74
22	Brewers and Distillers (22)	1908.86	+0.4	8.05	3.50	15.15	34.70	1901.51	1889.63	1884.04	1490.32	1908.86 30/8	1478.24 25/1	1908.86 30/8 /91	69.47 13/12/74
25	Food Manufacturing (19)	1235.10	+1.0	9.29	4.00	13.30	24.86	1222.60	1214.98	1212.91	1012.54	1235.10 30/8	1013.60 16/1	1235.10 30/8 /91	59.67 11/12/74
26	Food Retailing (17)	2655.93	+0.5	8.08	3.14	16.18	44.38	2642.92	2647.60	2632.27	2427.37	2854.91 2 /5	2259.53 2 /1	2854.91 2 /5 /91	54.25 11/12/74
27	Health and Household (22)	3755.31	+0.2	5.16	2.31	22.10	35.00	3748.60	3719.07	3701.21	2313.44	3755.31 30/8	2454.93 16/1	3755.31 30/8 /91	175.38 28/5 /80
29	Hotels and Leisure (23)	1383.84	+1.1	8.60	5.04	14.01	35.83	1368.52	1360.67	1352.34	1252.97	1399.64 14/3	1066.91 25/1	1845.77 8 /9 /89	54.83 9 /1 /75
30	Media (26)	1495.11	+0.2	7.38	4.75	17.66	38.58	1491.57	1488.26	1488.80	0.00	1521.09 17/4	1166.91 16/1	1521.09 17/4 /91	1166.91 16/1 /92
31	Packaging, Paper & Printing (18)	771.08	+0.4	7.32	4.27	16.52	15.40	767.85	766.92	767.57	529.34	771.08 30/8	486.96 16/1	771.08 30/8 /91	43.46 6 /1 /75
34	Stores (32)	1020.64	+0.5	7.50	3.64	17.41	17.12	1015.22	1014.10	1013.25	794.88	1023.84 23/8	766.89 29/1	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (9)	605.70	-0.1	8.29	5.12	14.98	14.09	606.24	610.01	613.49	423.10	614.71 23/8	396.58 28/1	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (109)	1286.66	+0.2	9.54	5.01	13.08	31.65	1283.91	1277.98	1276.91	1027.50	1286.66 30/8	961.05 16/1	1286.66 30/8 /91	58.63 6 /1 /75
41	Business Services (12)	1406.58	....	7.67	4.66	16.13	29.77	1406.41	1399.93	1402.16	0.00	1409.29 23/8	892.28 1 /2	1409.29 23/8 /91	892.28 1 /2 /91
42	Chemicals (21)	1501.40	+0.9	6.79	4.80	18.16	45.88	1487.91	1477.49	1467.56	1059.26	1501.40 30/8	1004.01 16/1	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (10)	1521.74	+0.4	9.78	6.93	12.34	35.14	1515.69	1506.32	1501.89	1427.29	1626.42 14/3	1217.37 16/1	1819.46 11/8 /89	975.19 10/11/87
44	Transport (13)	2318.89	+0.1	7.74	4.62	16.01	50.50	2316.79	2309.25	2313.41	1974.96	2318.89 30/8	1730.87 23/1	2554.69 12/7 /89	90.80 29/6 /62
45	Electricity (16)	1226.54	-0.2	14.28	5.31	8.96	24.04	1228.78	1224.75	1225.71	0.00	1250.49 5 /6	994.96 7 /1	1250.49 5 /6 /91	994.96 7 /1 /91
46	Telephone Networks(4)	1551.04	+0.5	9.52	3.92	13.75	28.34	1543.35	1535.41	1543.35	1137.09	1555.59 23/8	1085.95 16/1	1555.59 23/8 /91	517.92 30/11/84
47	Water(10)	2371.99	-0.2	17.24	6.49	6.42	118.37	2377.24	2374.30	2364.95	1956.49	2536.12 15/4	2134.83 16/1	2536.12 15/4 /91	1820.20 1 /5 /90
48	Miscellaneous (23)	1938.28	-0.6	6.17	5.00	21.11	47.89	1949.79	1943.77	1929.50	1509.17	2033.42 15/8	1506.17 16/1	2087.06 11/7 /89	60.39 6 /7 /75
49	INDUSTRIAL GROUP (488)	1307.27	+0.4	8.51	4.38	14.55	28.00	1302.66	1296.47	1293.45	1044.89	1307.27 30/8	991.97 16/1	1307.27 30/8 /91	59.01 13/12/74
51	Oil & Gas (20)	2481.82	+0.1	10.54	5.55	12.52	77.74	2478.69	2461.69	2470.55	2435.70	2509.42 23/7	2101.45 21/1	2528.70 3 /8 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1407.79	+0.3	8.76	4.53	14.26	31.95	1403.23	1396.19	1393.97	1158.51	1407.79 30/8	1092.04 16/1	1407.79 30/8 /91	63.49 13/12/74
61	FINANCIAL GROUP (92)	835.42	-0.1	-	5.58	-	26.77	836.44	832.97	831.72	714.72	859.94 15/3	667.36 16/1	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	977.56	-0.4	4.36	5.45	43.03	36.83	981.02	983.92	981.81	770.32	990.14 23/8	695.08 15/1	990.14 23/8 /91	62.44 12/12/74
65	Insurance (Life) (7)	1607.75	+0.1	-	5.16	-	41.64	1605.73	1596.69	1587.25	1358.35	1612.93 15/3	1220.74 16/1	1612.93 15/3 /91	44.88 2 /1 /75
66	Insurance (Composite) (6)	666.54	-0.2	-	6.58	-	22.61	668.12	648.59	652.04	606.19	728.27 15/3	572.52 16/1	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (9)	1164.42	-0.3	7.03	5.80	18.60	30.86	1167.70	1169.21	1164.94	847.24	1202.38 5 /4	932.88 23/1	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (7)	443.67	+0.3	-	4.73	-	12.16	442.23	439.54	438.55	383.53	448.97 15/3	327.70 16/1	547.59 12/10/87	31.21 7 /1 /75
69	Property (36)	933.28	+0.4	5.96	4.99	23.90	20.96	929.28	932.79	931.57	937.90	1087.65 15/3	881.23 3 /7	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (18)	262.69	-0.3	10.94	6.90	11.45	7.99	263.37	261.56	260.42	255.79	298.63 15/3	236.37 16/1	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (69)	1242.95	+0.2	-	3.47	-	22.35	1240.82	1234.05	1232.16	1070.34	1242.95 30/8	947.19 16/1	1323.81 4 /1 /90	71.12 13/12/74
99	ALL-SHARE INDEX (661)	1268.62	+0.3	-	4.64	-	30.23	1265.31	1259.10	1257.11	1051.08	1268.62 30/8	987.46 16/1	1268.62 30/8 /91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 29	Aug 28	Aug 27	Aug 23	Aug 22	Year ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2645.7	+7.5	2645.7	2632.7	2638.2	2624.2	2619.8	2640.7	2623.0	2162.8	2645.7 30/8	2054.8 16/1	2645.7 30/8 /91	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Aug 30	Day's change %	Thu Aug 29	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	122.02	+0.08	121.92	2.27	7.71
2	5-15 years (27)	132.96	+0.03	132.93	1.80	9.52
3	Over 15 years (9)	142.54	-0.10	142.69	3.27	7.40
4	Irredeemables (6)	156.37	+0.25	155.98	2.59	8.48
5	All stocks (70)	131.96	+0.04	131.91	2.13	8.81
	Index-Linked					
6	Up to 5 years (1)	162.63	+0.02	162.61	1.02	2.72
7	Over 5 years (10)	146.41	+0.12	146.24	0.58	3.15
8	All stocks (11)	147.46	+0.11	147.29	0.60	3.14
9	Debs & Loans (58)	111.80	+0.06	111.73	2.20	7.16

	AVERAGE GROSS REDEMPTION YIELDS		Fri Aug 30	Thu Aug 29	Year ago (approx.)	1991 High	1991 Low
	British Government						
1	Low	5 years	8.91	8.91	11.07	10.14 16/1	8.88 19/8
2	Coupons	15 years	9.64	9.63	11.07	10.24 2 /1	9.46 19/2
3	(0%-7¾%)	20 years	9.64	9.63	11.07	10.26 2 /1	9.53 14/2
4	Medium	5 years	9.97	9.97	12.04	11.15 2 /1	9.97 29/8
5	Coupons	15 years	9.82	9.80	11.59	10.62 2 /1	9.80 29/8
6	(8%-10¾%)	20 years	9.78	9.76	11.45	10.50 2 /1	9.76 29/8
7	High	5 years	10.15	10.15	12.15	11.25 2 /1	10.15 30/8
8	Coupons	15 years	9.93	9.92	11.86	10.80 2 /1	9.92 29/8
9	(11%-)	20 years	9.84	9.83	11.74	10.67 2 /1	9.83 29/8
10	Irredeemables	†	9.83	9.85	11.22	10.48 31/12	9.83 30/8
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.93	3.91	4.77	4.48 15/7	3.59 18/1
12	Inflation rate 5%	Over 5 yrs.	4.31	4.31	4.32	4.40 1 /8	4.09 18/2
13	Inflation rate 10%	Up to 5 yrs.	2.96	2.93	3.63	3.60 9 /7	2.13 21/2
14	Inflation rate 10%	Over 5 yrs.	4.12	4.12	4.14	4.22 15/8	3.90 12/4
15	Debs &	5 years	11.56	11.56	14.12	12.63 9 /1	11.56 29/8
16	Loans	15 years	11.37	11.37	13.21	12.38 18/1	11.37 29/8
17		25 years	11.19	11.19	12.90	12.16 18/1	11.19 28/8

‡Opening Index 2637.3; 9 am 2637.9; 10 am 2633.5; 11 am 2633.4; Noon 2635.5; 1 pm 2636.5; 2 pm 2639.2; 2.30 pm 2640.0; 3 pm 2641.2; 4.10 pm 2644.6; (a) 4.29 (b) 10.47

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Lyons (*596)	550	58	69½	85	4	10½	14½
	600	23	38	54½	19	28	33½
	650	8	18½	-	54	57½	-
ASDA (*91)	80	12½	15½	16½	1¼	2¼	3½
	90	5¼	9	11	3½	5	7
	100	2	5¼	7	10	10½	12½
Brit. Airways (*179)	160	22½	26	30½	2¼	4½	6½
	180	8	13½	18½	7¼	12½	14½
	200	2¼	7	11	21½	25	26
SmKl Beecham A (*792)	750	59½	82½	101	7¼	16½	22
	800	28	51½	71½	26	35	39½
	850	9½	30	47½	56½	61	65½
Boots (*429)	390	46	52	63	2	5½	7½
	420	23	32	43	7	14½	17½
	460	5	13½	23	31½	36	37½
B.P. (*352)	330	28½	34½	38½	2¼	6	8½
	360	9¼	15½	20½	12½	17½	20½
	390	1½	6¼	-	38	38½	-
British Steel (*128)	120	11½	13¼	16	2	4¼	5½
	130	5½	7½	10¼	5¼	8½	10
	140	1¼	3¼	6½	12	15	16
Bass (*988)	950	-	76½	91½	-	26	33½
	977	43½	-	-	19	-	-
	1000	-	45½	63½	-	47	54½
C & Wire (*588)	500	95½	105	-	1¼	4½	-
	550	50	66½	82½	6¼	12	17
	600	19½	37½	53½	23½	31½	36½
Courtaulds (*485)	420	71	80	117	½	1½	3
	460	37	49	63	6½	11½	15½
	500	14½	26½	40	22	28	31
Com. Union (*522)	460	71	83½	-	1¼	4	-
	500	35	52½	61	6	12½	17½
	550	10	23	32½	30½	34	39½
Fisons (*496)	460	46	59	72	4	9½	13½
	500	18½	34	47	16½	23½	28
	550	3¼	14½	24½	55	55	56
GKN (*378)	330	53	63	68	1½	4¼	9
	360	30	42	48	6	11½	18½
	390	11	28½	31	20	24	32½
Grand Met. (*829)	800	48½	72	85½	10	22	28
	850	21	43½	57½	32½	43	49½
	900	6	22½	37½	71½	74½	79½
I.C.I. (*1369)	1350	66½	113	130	31½	46½	70½
	1400	40½	86½	100	56	68½	88½
Kingfisher (*574)	550	35½	52½	70½	10½	16½	23
	600	10	26½	42½	34	38	42
Ladbroke (*284)	280	13	21	28	10	13½	18½
	300	5	12½	18½	21½	25½	29
Land Secur (*517)	500	28	39½	51½	5½	12½	15½
	550	5½	14½	24½	33½	39½	41½
M & S (*290)	280	18	25½	33½	4	8	10
	300	7	14	22	13½	17½	19½
Sainsbury (*363)	360	-	-	33½	-	-	14½
	386	5	12	-	24½	25½	-
Shell Trans. (*528)	500	35½	44½	49½	5	10½	15½
	550	5	17½	22	31½	34½	39½
Storehouse (*111)	110	6	9	11½	5	8	9½
	120	1¼	5	8	11½	14½	15½
Trafalgar (*254)	251	15½	20	-	11	21	-
	271	7	11½	-	22	32	-
Utd Biscuits (*409)	390	27½	38½	46	7	10½	16½
	420	10	24	29½	22	24	30

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Unilever (*759)	750	30½	49½	63	15	24½	29½
	800	9½	26	38½	45	50½	56½
Ultramar (*284)	280	11½	20¼	25	10½	13½	18½
	300	4	11½	-	23	26	-

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit. Aero (*552)	550	24½	42	45½	26	34	43½
	600	8½	22	27½	60½	65½	76½
BAA (*431)	420	31½	40	51	11½	16½	19
	460	10½	21	32	32	38	40
BAT Inds (*688)	650	46½	66½	76½	12	18	22½
	700	18½	37½	50	34½	38½	43½
BTR (*434)	420	26	39	44	12	17	23
	460	8	19	24	35½	38	42
Brit. Telecom (*394)	390	21	28	37½	11½	16½	20
	420	7¼	14¼	24	28½	32½	35½
Cadbury Sch (*418)	390	43	55½	57½	9	13½	17½
	420	24½	39½	42½	20	24	30
Eastern Elec (*173)	160	19½	23½	25	2½	6	8
	180	7½	12	14½	10½	13	16½
Guinness (*1000)	1000	43	71½	86½	31½	40½	50½
	1050	20½	46½	60½	63½	68½	73½
GEC (*194)	180	18½	21½	25½	2	4½	6¼
	200	6½	10¼	16	9½	12	13
Hanson (*219)	200	24	26½	28	1½	5¼	6¼
	220	9¼	12½	16¼	7¼	13½	15½
LASMO (*326)	300	35½	45½	49½	5	9	11½
	330	16½	26	32	16	20	22
Lucas Inds (*156)	140	20½	22	26	3	5	6
	160	7½	10½	14½	11½	14½	15½
P. & O. (*582)	550	37½	59½	68½	14½	20½	29½
	600	15½	32½	42½	41½	46½	52½
Pilkington (*167)	160	17½	20½	27	6	10	13½
	180	7¼	12	17½	17½	21	24
Prudential (*259)	240	23½	32½	35½	4½	6	10
	260	12	18½	23½	12	14½	18½
Racal (*222)	220	26	37½	-	14½	30	-
	240	15½	27	-	25	31½	-
R.T.Z. (*596)	550	56½	71½	80½	7	13	18½
	600	25	41½	50	25	30	38½
Scot. & New (*410)	390	35½	42½	53½	6	12	13
	420	18	26	36½	18	24½	27½
Tesco (*269)	260	18½	25½	30½	5½	8½	10½
	280	8	15½	20	16½	18½	20
Thames Water (*366)	360	-	-	32½	-	-	12½
	370	13½	20	-	10	15½	-

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (*304)	300	11	22½	30½	6	11	14½
	330	1¼	8	13½	27	27½	29½
Amstrad (*50)	50	3¼	6	8	3	4¼	6¼
	60	¼	2½	4¼	10½	11½	13
Barclays (*470)	460	20	38	50½	6½	12½	20½
	500	3½	18½	30	30½	35½	40
Blue Circle (*269)	260	12½	21½	30	5½	11	14½
	280	3½	11½	20	17	22	25
British Gas (*270)	260	13½	21½	27	1¼	5¼	9
	280	2¼	11½	16	10½	14½	16½
Dixons (*262)	260	10½	21½	27½	6½	12½	15½
	280	3¼	11	17½	18½	22	26
Eurotunnel (*490)	460	43	63	80	5½	18½	25½
	500	19½	40	60	20½	35	43
Glaxo (*1366)	1300	75½	116	150	13	34½	45½
	1350	38½	85½	120	32½	55½	66½
Hawker Sidd. (*597)	550	57½	68½	85½	3	12	17
	600	19	35½	52½	14½	28	34½
Hillsdown (*234)	220	16	23	30	1½	5	8
	240	4½	11½	19	8½	13½	16½
Lonrho (*239)	220	22	30	32½	1	3½	8
	240	7½	16½	19½	6	10	16½
Midland Bk (*253)	240	16½	28	38	4	10	13½
	260	6¼	19½	26½	12½	19	24
National Power (*157)	140	17	21½	22	1	2¼	3¼
	160	4½	10	12	6	9	11½
Reuters (*891)	850	55½	91½	118	12	33½	46
	900	25½	63½	91	30	53½	69
R. Royce (*136)	130	8¼	12½	16½	2½	5½	10½
	140	3¼	7	11¼	9	11½	15
Sears (*86)	80	7	9½	13	1½	2½	4
	90	1½	4¼	7	5	6½	8½
THF (*289)	280	13	19½	28½	3½	8½	10½
	300	3	-	-	13½	-	-
Thorn EMI (*804)	800	21½	47½	63	15	28½	34½
	850	5½	22½	41	48	56	60½
TSB (*158)	140	18½	22½	24½	½	2	3½
	160	3¼	9½	13	5	7½	10
Vaal Reefs (*556)	50	8	11	13½	½	2½	4
	60	1¼	5¼	8	4¼	7½	9¼
Wellcome (*746)	700	54½	76½	101	6¼	20½	26½
	750	21½	47½	72½	22½	40½	48½

Option		Calls Sep	Calls Dec		Puts Sep	Puts Dec	
Scottish Power (*106)	100	8	11½		1¼	2¼	-
	110	1¼	5½		5¼	6½	-

EURO FT-SE INDEX (*2645)

	2375	2425	2475	2525	2575	2625	2675	2725
CALLS								
Aug	260	210	160	110	60	10½	½	½
Sep	300	251	200	151	104	65	34	14
Oct	-	262	-	169	-	87½	-	35½
Dec	-	297	-	213	-	139	-	80½
Mar	-	335	-	257	-	183	-	125
Jun	-	378	-	305	-	240	-	175
PUTS								
Aug	½	½	½	½	½	½	40	90
Sep	3	4	5½	5½	9	18½	37½	67½
Oct	-	8	-	12½	-	30½	-	73½
Dec	-	14½	-	25½	-	48½	-	84½
Mar	-	27	-	42	-	65	-	97
Jun	-	42½	-	60	-	85	-	110

FT-SE INDEX (*2645)

	2400	2450	2500	2550	2600	2650	2700	2750
CALLS								
Aug	235	185	135	85	35½	½	½	½
Sep	276	228	178	129	86	49	24	8½
Oct	288	240	195	152	113	79	49	26
Nov	302	255	213	172	132	97½	65½	44½
Dec †	-	317	-	235	-	156	-	91
Jan †	-	397	-	317	-	252	-	192
PUTS								
Aug	½	½	½	½	½	15	65	115
Sep	2½	3½	5	7½	14½	29	58½	107
Oct	6½	8½	11½	18	27½	42½	68½	106
Nov	8½	11½	17½	26	37½	53	78½	111
Dec †	-	13	-	22½	-	45½	-	87½
Jan †	-	35½	-	55½	-	82½	-	122

August 30 Total Contracts 24,760
Calls 14,635 Puts 10,125
FT-SE Index Calls 3,217 Puts 3,559
Euro FT-SE Calls 366 Puts 296
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices.

NOTICE OF ADJOURNED MEETING

to the holders of the outstanding
ECU 65,000,000 9% Bonds due 1994
of
ÖSTERREICHISCHE LÄNDERBANK AKTIENGESELLSCHAFT

NOTICE IS HEREBY GIVEN that a meeting of the holders (the "Bondholders") of the above-mentioned bonds (the "Bonds") convened by Österreichische Länderbank Aktiengesellschaft (the "Bank") for 10.30 a.m. on Wednesday, 28th August, 1991 by the notice published on 6th August, 1991 in the Financial Times and the Luxemburger Wort (the "First Notice") was adjourned through lack of quorum and that an adjourned Meeting of the Bondholders will be held at 9.30 a.m. on Thursday 12th September, 1991 at the offices of Norton Rose, Kempson House, Camomile Street, London EC3A 7AN for the purpose of considering, and if thought fit, passing the following Resolution (the reasons for which were explained in the First Notice) which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Fiscal Agency Agreement dated 15th November, 1985 and made between the Bank and Banque Paribas Luxembourg S.A. as fiscal agent and principal paying agent (the "Fiscal Agent").

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Bondholders") of the ECU 65,000,000 9% Bonds due 1994 (the "Bonds") of Österreichische Länderbank Aktiengesellschaft (the "Bank"), issued pursuant to a fiscal agency agreement (the "Agency Agreement") dated 15th November, 1985 made between the Bank and Banque Paribas Luxembourg S.A. as fiscal agent and principal paying agent, HEREBY:–

A approves:
(i) a merger ("the Merger") between the Bank and Zentralsparkasse und Kommerzialbank Aktiengesellschaft, Wien ("Z-Bank") for the purposes of Condition 10(f) of the terms and conditions of the Bonds; and
(ii) the assumption by Z-Bank of the rights and obligations of the Bank in respect of the Bonds and the dissolution of the Bank to the intent that from and after the time when the Merger becomes effective the Bonds and the Agency Agreement shall be read and construed as if Z-Bank had been at all times a party thereto in place of the Bank;

B sanctions every modification, abrogation, variation, compromise of, or arrangement in respect of, the rights of the Bondholders and holders of the Coupons appertaining to the Bonds against the Bank involved in or resulting from the passing of this Extraordinary Resolution or the Merger; and

C authorises the parties to the Agency Agreement and Z-Bank to execute such further documents and do all such other acts and things, in each case as may be necessary to carry out and give effect to this Extraordinary Resolution."

VOTING AND QUORUM

Bondholders are referred to the voting and quorum provisions set out in the First Notice but should note that the quorum required at the adjourned Meeting shall be two or more persons present in person holding Bonds or Voting Certificates or being proxies whatever the principal amount of Bonds so held or represented.

AVAILABILITY OF DOCUMENTS

Copies of the Agency Agreement may be inspected, and copies of the Explanatory Memorandum described in the First Notice may be inspected and obtained, by Bondholders at or from (as the case may be) the specified office of each of the Fiscal or Paying Agents appointed in respect of the Bonds set out below.

AGENTS

The Agents (and the relevant offices of each Agent) referred to in this Notice are:

The Fiscal Agent and Principal Paying Agent
Banque Paribas Luxembourg S.A., 10a Boulevard Royal, Luxembourg
Paying Agents
Morgan Guaranty Trust Company of New York, 60 Victoria Embankment, London EC4Y 0JP
Banque Paribas, 3 rue d'Antin, 75002 Paris.
Morgan Guaranty Trust Company of New York, 35 Avenue des Arts, B-1040 Brussels.
Swiss Bank Corporation, Aeschenvorstadt 1, CH-4002 Basle.

This notice is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult your professional adviser. This notice has been issued by Österreichische Länderbank Aktiengesellschaft and approved by Österreichische Länderbank (London Branch), a member of the Securities and Futures Authority Limited.

Nationwide Building Society

£300,000,000
Floating Rate Notes Due 1996

(Second Series)
(Issued by Nationwide Building Society)

Interest Rate:
11.08% per annum

Interest Period:
30th August, 1991 to
30th September, 1991

Interest Amount per
£5,000 Note due
30th Sept, 1991: £47.05

Interest Amount per
£50,000 Note due
30th Sept, 1991: £470.52

Agent Bank
Baring Brothers & Co., Limited

PERSONAL COMPUTERS & PC SOFTWARE

The FT proposes to publish this survey on 17 September 1991
64% of FT businessmen readers have decision making responsibility for computers. If you want to reach this important audience, call Andy Barrows on 071 873 3201 or fax 071 873 3062.

FT SURVEYS

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 31.08.91 Pool purchase price £/MWh	Final Prices for Trading on 03.08.91 Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.68	16.87	19.48
0100	15.65	16.87	19.52
0130	15.50	16.87	19.55
0200	15.50	16.87	19.58
0230	15.60	16.87	19.57
0300	15.60	15.54	15.54
0330	15.50	15.51	15.51
0400	15.50	15.51	15.51
0430	15.50	15.51	15.51
0500	15.50	15.51	15.51
0530	15.55	15.49	15.49
0600	15.65	15.49	15.49
0630	15.58	15.62	15.62
0700	15.68	18.99	19.68
0730	15.67	15.84	15.84
0800	16.08	15.84	15.84
0830	17.16	18.99	19.54
0900	17.93	18.13	20.72
0930	21.67	18.13	20.70
1000	21.67	20.83	23.48
1030	21.67	20.83	23.49
1100	21.67	20.83	23.49
1130	21.67	20.83	23.48
1200	21.67	20.83	23.48
1230	19.06	18.13	20.70
1300	17.93	18.13	20.71
1330	17.93	17.87	20.24
1400	17.64	20.13	22.78
1430	17.64	20.13	22.77
1500	17.38	18.75	19.29
1530	17.38	18.75	19.29
1600	17.38	18.75	19.29
1630	17.38	18.75	19.29
1700	17.38	18.75	19.29
1730	17.38	18.75	19.29
1800	17.38	18.75	19.29
1830	18.08	18.75	19.29
1900	17.38	18.75	19.29
1930	17.38	18.75	19.29
2000	17.38	18.70	21.29
2030	17.38	18.70	21.30
2100	19.83	18.75	19.29
2130	19.83	18.75	19.29
2200	19.83	18.75	19.29
2230	19.72	18.70	21.30
2300	18.08	18.70	21.31
2330	15.68	16.75	19.30
2400	15.68	19.47	22.13

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

CHINA & EASTERN INVESTMENT COMPANY LIMITED

EXPIRY OF THE SUBSCRIPTION RIGHTS OF THE 1991 WARRANTS

The Board of Directors of China & Eastern Investment Company Limited (the "Company") wishes to remind holders of the Company's registered warrants (the "1991 Warrants") that the subscription rights attached to the 1991 Warrants to subscribe for one Ordinary Share of US$0.50 of the Company at a subscription price of US$1 per share will expire on 30th September, 1991. *After that date, except to the extent referred to below, any subscription rights which have not been exercised will lapse and the 1991 Warrants (and the relative certificates) will cease to be valid for any purpose.*

Holders of the 1991 Warrants should note that, based on the market price of the Ordinary Shares of the Company as at the close of trading on the London Stock Exchange on 28th August, 1991 (the latest practicable date prior to the printing of this announcement) and the subscription price under the terms and conditions of the 1991 Warrants, the 1991 Warrants were "in the money" at such time.

Registered holders of 1991 Warrants who wish to exercise their subscription rights should complete and sign the Notices of Subscription on the reverse side of the relevant 1991 Warrant certificates (which shall be irrevocable) and lodge them together with remittances for the total subscription moneys with the Company's registrars, Central Registration Hong Kong Limited at 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or with the London transfer agent, Barclays Registrars Limited, at Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom not later than 4:00 p.m. on Monday, 30th September, 1991. Holders of 1991 Warrants who have not registered their holdings and who wish to exercise the subscription rights, should lodge the relevant 1991 Warrant certificates, the signed Notices of Subscription, duly completed forms of transfer and/or other documents of title (duly stamped where appropriate) and remittances for the relevant subscription moneys, with the Company's registrars or London transfer agent not later than the aforesaid time.

In accordance with the conditions of the 1991 Warrants the Company intends to appoint Cotton Nominees Limited to exercise the 1991 Warrants and to sell the Ordinary Shares acquired upon exercise in the circumstances referred to below. Provided it is satisfied that the net proceeds of sale after deduction of all costs and expenses incurred by it will exceed the costs of subscription, Cotton Nominees Limited will exercise such 1991 Warrants as have not been exercised by 4:00 p.m. on Monday, 30th September, 1991 within 21 days of 30th September, 1991 and will sell the Ordinary Shares in the market. Cotton Nominees Limited will distribute pro rata the proceeds of such sale, less the subscription and other costs and expenses incurred, to the persons entitled thereto as soon as practicable after such sale except that entitlements of less than US$2 will be retained for the benefit of the Company. If it is considered that the net proceeds of the sale of the Ordinary Shares will not cover the cost of subscription then no trustee will be appointed and the 1991 Warrants will lapse.

Any shares to be issued upon the exercise of any subscription rights will be allotted not later than 21 days after the relevant exercise date. Certificates in respect of such shares will be issued not later than 28 days after the exercise date.

The last day of trading the 1991 Warrants on The Stock Exchange of Hong Kong Limited and on the London Stock Exchange will be Thursday, 26th September, 1991. The listings of the 1991 Warrants will be withdrawn from both stock exchanges with effect from the close of business on Monday, 30th September, 1991.

By Order of the Board
D.A. LYLE
Managing Director

Hong Kong, 30th August, 1991

INTERNATIONAL COMPANIES AND FINANCE

TNT net loss of A$197m worse than expected

By Mark Westfield in Sydney

TNT, the Australian transport group, has announced an equity net loss of A$197.2m (US$154m) for the year to June 30. Last year the group recorded a profit of A$139.9m.

The latest figure includes its half share, with News Corporation, of Australian domestic airline Ansett Australia, which lost A$102m.

The net equity loss was even worse than the company's prediction of up to A$187m, made four weeks ago.

TNT's board, headed by Sir Peter Abeles, said yesterday they saw little improvement in Ansett's operating results in the short term, "notwithstanding increased market share of the record numbers of passengers now travelling due to substantially reduced yields resulting from deep fare discounting".

Elsewhere, TNT reported continuing losses in its Australian and Brazilian road transport operations and in the TNT Express Europe airfreight business which is being moved into a joint venture with five post offices in continental Europe and Canada. The earnings deterioration in these three businesses totals A$189m over the year, the company said.

Sir Peter Abeles: sees little improvement at Ansett

However, group revenue rose 7.9 per cent to A$5.1bn, due mainly to record revenues and earnings from TNT's Skypak group. This is being merged with Express Europe and placed into the European joint venture.

TNT's European domestic operations, mainly road transport, performed "creditably" in difficult economic conditions, with the UK and Italian businesses doing particularly well. The US road transport operations made "a steady pre-tax profit". Ansett Worldwide Aviation Services, the aircraft leasing arm, also jointly owned with News Corporation, made a "substantial" contribution to group results.

TNT's operating loss, before abnormal losses of A$133.12m and tax, amounted to A$42.6m. Abnormal losses included a A$110.9m write-down of "non-trading investments", a A$33.5m unrealised foreign currency loss and a A$3.5m goodwill write-off. The losses were offset by small profits on the sale of investments and income tax credit.

For the group, excluding equity associates, TNT suffered a loss of A$138.4m, against a profit the previous year of A$132.24m. Net interest expense rose to A$167.3m from A$136.1m.

The company will not pay a final quarter dividend, leaving the full-year payout at 7.5 cents, against 15 cents last year. TNT's share price fell 1 cent yesterday to 77 cents.

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Coca-Cola bottler buys Johnston in share swap

By Nikki Tait in New York

COCA-COLA Enterprises, the largest bottler for the American soft-drinks company, is acquiring the Tennessee-based Johnston Coca-Cola Bottling Group in a share-swap deal.

Johnston is the oldest and biggest of Coca-Cola's independent bottlers in the US, and the deal continues the trend of consolidation among the soft-drinks giant's bottling operations.

The deal came as CCE warned that operating results in the latter half of 1991 were likely to be hit by "economic and competitive" conditions.

Operating cashflow, it predicted, will be about 10 per cent to 15 per cent below that of the previous year, while full-year earnings per share could slip to 30-35 cents, from 55 cents last time.

Under the merger, CCE will issue 30m new shares to the owners of Johnston, a privately-held company based in Chattanooga. With CCE stock down $⅜ at $14¼ yesterday morning, this values the deal at $427.5m.

However, the purchaser will also take on almost $1bn-worth of debt at Johnston, which made a small after-tax loss in the last financial year to late October.

The deal will also dilute Coca-Cola's 49 per cent stake in CCE. Although the drinks company held a smaller 20 per cent interest in Johnston, its interest in the newly enlarged CCE will fall to around 43 per cent.

Yesterday, Coca-Cola said there was no intention of rebuilding the stake via market purchases.

Coca-Cola's own shares were $¼ lower at $65¾ yesterday, in a generally easier market.

The deal will put around 55 per cent of Coca-Cola's bottling system in the US under one roof, and give the enlarged CCE sales of over $5bn in net revenues.

CCE handles about 43 per cent of the bottling, while Johnston has in excess of an 11 per cent share. CCE has been steadily increasing its share since its flotation in 1986, when it handled around 38 per cent.

The company said yesterday that its physical case sales in the year to October 27, 1990, totalled 129m, that net revenues were $967m, and operating cashflow amounted to $136m. However, net income showed a loss of $9.8m.

Johnston has been an active issuer of junk bonds in recent years – including one new issue of 10-year subordinated notes, through Salomon Brothers, in the wake of the junk bond market's recovery this year.

Continental Bank to slash dividend

By Martin Dickson in New York

CONTINENTAL Bank, the Chicago-based group which had to be rescued by Federal authorities eight years ago, yesterday announced a 40 per cent dividend cut and plans for $175m of special third-quarter restructuring and loan loss charges which will plunge it into the red.

Continental, which has been slowly nursed back to health following its near collapse in 1984, portrayed the moves as the last stage of a strategy change which has seen it cut its workforce from around 10,000 in 1987 to just over 5,000 as it has focused increasingly on corporate banking.

However, analysts expressed concern about the quality of its loan portfolio and Moody's and Standard & Poor's, the rating agencies, placed the bank's debt and commercial paper under review for possible downgrading.

S&P said it was concerned "whether the company's current actions will be sufficient to allow it to effectively compete in the rapidly changing marketplace and to restore core profitability to an acceptable level". But it added that it expected any downgrading to leave the bank's senior debt rating at investment grade.

Continental's shares dropped $⅝ to stand at $12½ in lunch-time trading in New York.

Continental said the dividend was being cut from 25 cents a share to 15 cents to retain additional earnings. Some $25m of its special charge involve restructuring moves. It is resigning its position as a primary dealer in US Government securities. It also plans to concentrate its overseas activities in asset trading, risk management and distribution, mainly in London and Tokyo.

Earlier this week it announced the closure of its Singapore office. The moves will cut its staff by around 5 per cent, or 300 people. The resignation of the primary dealership comes just two weeks after scandal enveloped the Treasury market, with revelations that Salomon Brothers had been rigging the auction system. However, Continental said its move was unrelated to this and had been planned for some time.

In common with many other dealers, Continental is thought to have been making no money in the Treasury market, where margins are extremely tight. Some 11 other firms have resigned their dealerships since 1988. Continental had kept its position because it felt this assisted its efforts to be allowed to underwrite issues of securities – a privilege enjoyed by few banks. However, it said yesterday it felt that pending changes in bank legislation now made this unnecessary.

Some $150m of the special charge will be to boost the bank's provisions against credit losses, particularly in the area of residential property lending. Until now, Continental's real estate portfolio had been regarded as in relatively good shape, although analysts had been concerned about its above-average exposure to the highly leveraged transaction (HLT) corporate loan market.

The bank said its actions would boost its reserves for loan losses to about $475m, or 3.3 per cent of outstandings, compared to $328m, or 2.29 per cent at the end of the second quarter. It added that, excluding the special provision, its third-quarter revenues and operating expenses should be in line with those of the previous four quarters.

Two Japanese regional banks propose to merge

By Stefan Wagstyl in Tokyo

TWO JAPANESE regional banks yesterday revealed plans to merge in the latest consolidation in the Japanese banking industry.

Kumamoto Bank and Higo Family Bank, both based in the Kumamoto prefecture in southern Japan, said they were joining forces to combat the growing pressures of competition sparked by deregulation.

The merger, due to be completed next March, will create a bank ranked 19th among second-tier regional banks and with assets of around Y1,000bn. ($7.29bn) It will be called Kumamoto Family Bank.

They are the first of the second-tier regional banks to announce merger plans and the move indicates that larger institutions are shedding their traditional inhibitions about losing their identities.

Japan's 67 second-tier regional banks rank below 64 first-tier regional banks but above hundreds of smaller institutions of which the most significant are shinkin banks.

With the exception of the occasional rescue, mergers have only involved shinkin banks and other smaller finance houses. The merger of Kumamoto and Higo Family is likely to set a precedent for other regional institutions.

Mr Ryutaro Hashimoto, the Japanese finance minister, welcomed the merger.

Kumamoto ranks 41st among second-tier regional banks with deposits averaging about Y540bn during the year ended last March. Higo ranked 47th and had deposits averaging about Y490bn.

Bundesbank sets terms of interwar loans repayment

By Katharine Campbell in Frankfurt

THE BUNDESBANK yesterday disclosed the terms under which the German government will begin repaying debts accumulated on interwar loans that have fallen due as a result of unification. The accumulated back interest amounts to around DM250m ($142.8m)

At the 1953 London debt agreement between west Germany and the western allies, a moratorium on some interest payments was agreed on the grounds that the German Democratic Republic should be responsible for part of the debt accrued before the division of the two countries.

The accord stipulated that this portion of past interest would be paid back when and if Germany were finally reunited.

From the middle of September the Bundesbank will begin exchanging the historic paper for so-called consolidation bonds (fundierungsschuldverschreibungen).

The bonds in question include the Dawes, Young and Kreuger debt, issued in the interwar years – the first two as part of the First World War reparations – on which interest was not serviced between 1945 and 1952.

Investors will receive new bonds carrying a 20-year maturity, and paying a six-monthly interest coupon of 3 per cent. They are backdated to October 3 1990, the date of unification. The principal is to be redeemed a five years.

The paper will be issued in 15 tranches, all listed – and hence tradeable – on the official Frankfurt stock exchange.

Asko lifts first-half profit 66%

By Katharine Campbell in Frankfurt

ASKO, the fast growing diversified German retailer, increased net profits by 66 per cent to DM75m ($42.8m) in the first half of this year.

Sales advanced by 61 per cent to around DM9bn. Excluding Co op, the troubled store chain part of which ASKO acquired last year, sales increased by 18 per cent.

Asko has been expanding fast, including into east Germany, with its discount furniture and building materials stores doing particularly well.

The rapid pace of growth will necessitate a rights issue, probably next year, although the new chief executive Mr Klaus Wiegandt did not give further details.

In an unusual move, Mr Wiegandt told shareholders at the annual meeting that next year he would propose the removal of the 5 per cent voting restriction, which limits any investor group to 5 per cent of the vote, regardless of the size of the shareholding.

Mr Wiegandt said such a move was consistent with the company's "policy of friendliness towards shareholders".

Voting right restrictions exist at a number of major German companies with the aim of deterring unfriendly takeovers. While they have proved a controversial and not very effective mechanism, Asko is one of the first companies apparently to volunteer lifting the restriction.

Mr Wiegandt also revealed that the Swiss businessman Mr Klaus Jacobs had recently accumulated a 5 per cent stake in ASKO, which Mr Wiegandt characterised as "cementing a new alliance".

Siemens sells stake in AMD

By Louise Kehoe in San Francisco

SIEMENS, the German electrical engineering and electronics group, has sold its 9.9 per cent shareholding in Advanced Micro Devices, the US semiconductor manufacturer.

Siemens said the timing of the sale, coming a day after AMD filed a $2bn anti-trust law suit against rival chipmaker Intel, was purely coincidental.

Sale of the 8.2m block of shares, priced at approximately $100m, was handled by Goldman Sachs. The shares were bought by a broad group of individual and institutional investors.

Siemens acquired its stake in AMD in 1977 when the two companies were planning joint ventures in circuit board manufacturing.

Siemens said that when the joint ventures fell apart, Siemens decided to retain its shareholding as an investment. "Now there is no business reason to continue to hold the stock," the company added.

AMD said Siemens remained one of its largest customers and the German company was expected to place orders for AMD's new 386 microprocessor, the chip at the centre of AMD's disputes with Intel.

In a lawsuit filed in California on Thursday, AMD charged that Intel had attempted to limit competition in the microprocessor market by keeping AMD out of the business.

AMD also charged that Intel tied sales of 386 microprocessors, which have been in short supply, to purchases of other Intel products.

In addition, AMD alleged that Intel conspired with other computer makers and component distributors to persuade them to refuse to buy from AMD. Intel dismissed the suit as "ridiculous".

Sweden plans to tighten rules on lending

By John Burton in Stockholm

THE SWEDISH government is planning to tighten regulations on lending because of the growing credit losses at the country's financial institutions.

The decision, following a year-long investigation, coincides with the collapse this week of the corporate empire controlled by Mr Erik Penser, the Swedish financier, after his finance company Gamlestaden ran up huge losses.

Several big independent Swedish finance companies have collapsed in the past year as property loans totalling SKr6bn ($949m) went sour as a result of the recession.

The government is proposing stricter collateral conditions for loans. Bank deposit guarantees would be strengthened to conform to EC standards, while financial authorities would have greater powers to examine the creditworthiness of borrowers.

Mr Kurt Malmgren, a former ambassador who conducted the government study, said the banks, which lost SKr11bn last year from finance company crashes, were partly to blame for the situation.

"They did not analyse sufficiently the position of the finance companies," he explained. "Loan were given in many cases to finance companies that lacked a credit rating."

Mr Malmgren said a credit rating should be mandatory in the future for a company which wants to borrow money.

Although he also criticised the Swedish Bank Inspection Board for responding too late to the crisis, he added that it lacked the resources and power to supervise the finance companies.

Meanwhile, Standard & Poor's announced it would maintain its A-1+ credit rating for Nordbanken, Mr Penser's largest creditor, since its new SKr5bn share issue should offset any losses the bank might incur with its takeover of the Penser companies Nobel Industries and Yggdrasil.

The Penser crisis has provoked worries that other finance companies may be close to collapse due to bad property loans.

Bilspedition, the Swedish transport group, yesterday sold, at a loss, more of its shares in the finance company Independent, reducing its stake to under 10 per cent.

Swedish banks were also negotiating a rescue package for the property company Barkman, which has estimated debts of SKr7bn, in return for the sale of property and share assets.

Barkman is controlled by Mr Sven-Olof Johnsson, who staged a highly-publicised greenmail raid against Saab-Scania last year.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$348.05	-5.80	$385.25	$392.25	$353.55
Silver Per troy oz	228.15p	-3.15	254.30p	280.55	183.35p
Aluminium 99.7% (cash)	$1255.5	+4.5	$1862	$1570	$1227
Copper Grade A (cash)	£1357	+28	£1558	£1472	£1241.0
Lead(cash)	£319.50	+2	£462	£382.5	£292.5
Nickel (cash)	$7945	-95	$11375	$9237.5	$8040
Zinc SHG (cash)	$1022.5	-10	$1642.5	$1430	$1039
Tin (cash)	$5592.5	-32.5	$5862.5	$5915	$5470
Cocoa Futures (Dec)	£700	+11	£775	£714	£596
Coffee Futures (Nov)	£554	+14	£807	£613	£520
Sugar (LDP Raw)	$230.5	-12	$276	$293	$194
Barley Futures (Nov)	£116.55	+3.15	£113.55	£121.50	£107.75
Wheat Futures (Nov)	£113.55	+0.40	£115.25	£141.10	£111.80
Cotton Outlook A Index	71.30c	-0.65	81.90c	86.25c	71.20c
Wool (64s Super)	362p	-3	437p	421p	329p
Oil (Brent Blend)	$20.525x	+0.65	$26.60	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted p-pence/kg. c-cents lb x-Oct.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$17 35-7.45z	+0.45
Brent Blend (dated)	$20.45-0.55	+0.25
Brent Blend (Oct)	$20.50-0.55	+0.30
W.T.I. (1 pm est)	$22.20-2.25z	+0.35

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$241-243	
Gas Oil	$196-198	+1
Heavy Fuel Oil	$72-74	+1
Naphtha	$216-218	+2
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$348.05	-3.9
Silver (per troy oz)♣	385.5c	-3.0
Platinum (per troy oz)	$335.0	-3.75
Palladium (per troy oz)	$80.75	-1.50
Copper (US Producer)	108c	
Lead (US Producer)	36.0c	
Tin (Kuala Lumpur market)	15.13r	-0.02
Tin (New York)	260.0c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	105.26p	-0.41*
Sheep (dead weight)†	121.52p	-3.01*
Pigs (live weight)†	63.31p	-3.05*
London daily sugar (raw)	$230.5q	-6
London daily sugar (white)	$267.5	-7
Tate and Lyle export price	£245.5	-3.5
Barley (English feed)	£112.5	+2
Maize (US No 3 yellow)	£180	
Wheat (US Dark Northern)	£101.5	
Rubber (Oct)♥	52.75p	
Rubber (Nov)♥	53.25p	
Rubber (KL RSS No 1 Sep)	226.50	
Coconut oil (Philippines)§	$435.0y	+10
Palm Oil (Malaysian)§	$317.5t	+7.5
Copra (Philippines)§	$290 j	
Soyabeans (US)	£155.5	
Cotton "A" index	71.30c	
Wooltops (64s Super)	362p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg. q-Sep/Oct t-Oct/Dec u-Sep v-Jul/Aug y-Aug/Sep z-Oct j-Oct/Nov. †Meat Commission average fatstock prices * change from a week ago. ♥London physical market §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Oct	200.00	197.80	200.20 196.00
Dec	190.40	184.00	182.00
Mar	186.40	183.00	185.60 181.00
May	184.80	184.80	184.40 183.60
White	**Close**	**Previous**	**High/Low**
Oct	286.2	280.0	280.0 275.0
Dec	282.2	274.5	274.5 274.5
Mar	279.7	272.0	274.0 271.0
May	278.5	271.0	274.2 271.2
Aug	277.6	270.0	273.2 270.4
Oct	258.1	252.0	253.2 251.4

Turnover: Raw 492 (733) lots of 50 tonnes. White 428 (1240)
Paris- White (FFr per tonne): Oct 1657.

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Oct	20.50	20.32	20.56 20.35
Nov	20.49	20.27	20.51 20.35
Dec	20.39	20.25	20.40 20.27
Jan	20.24	20.10	20.28 20.22
IPE Index	20.22	20.03	20.22

Turnover 10683 (9672)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
Sep	198.25	197.25	199.75 197.50
Oct	200.00	199.00	201.25 199.25
Nov	201.50	200.75	203.00 200.75
Dec	201.50	200.75	203.25 200.75
Jan	199.00	198.00	200.50 198.75
Feb	192.50	190.75	192.75 192.00
Mar	183.50	183.75	185.00 183.50
Apr	180.25	180.75	180.25
May	178.00	175.00	178.00

Turnover 10122 (12575)lots of 100 tonnes

SPICES
Cassia market steady, reports Man-producten. Large premiums are paid for spot and afloat parcels. Origins have sold out their nearby production capacities. Ka/va spot $2,200 a tonne, shipment $2,250; Kb spot $1,500, shipment $1,355; Madagascar $900. Ginger - spot Rotterdam Nigeria unsold at $650. China and India unchanged. Pimento market steady due to delayed and smaller crop in Mexico. Nutmegs unchanged. White pepper steady due nervous short covering; black pepper sellers more reluctant this week.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Sep	657	637	659 640
Dec	700	681	702 681
Mar	737	717	739 719
May	757	738	757 738
Jul	777	756	778 763
Sep	797	776	785 782
Dec	821	801	820 807
Mar	846	826	846 832
	864		861 850

Turnover: 7071 (6093) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 29 851.74 (862.83) 10 day average for Aug 29 853.93 (857.68)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
Sep	525	523	528 520
Nov	554	550	558 547
Jan	576	574	578 569
Mar	592	590	596 590

Turnover:8025 (5185) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 28 : Comp. daily 65.65 (65.23) 15 day average 63.01 (62.62)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Sep	85.0		75.0 75.0
Apr	118.0	118.2	118.5 117.5

Turnover 129 (153) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Oct	132.00	131.00	132.00
Dec	137.00	137.00	137.00 136.00

Turnover 65 (50) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Sep	1645	1634	1645 1630
Oct	1716	1695	1716 1695
Jan	1716	1703	1720 1715
Apr	1713	1703	1710
Jul	1478	1480	1480
BFI	1545	1533	

Turnover 126 (208)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
Sep	113.10	113.50	113.00
Nov	116.55	117.15	117.00 116.50
Jan	120.00		120.20 120.00
Mar	123.65	123.95	123.65
May	126.35	126.75	126.35 126.25
Barley	**Close**	**Previous**	**High/Low**
Sep	110.35	110.25	110.25
Nov	113.55	113.90	113.65 113.50

Turnover: Wheat 206 (383), Barley 39 (64).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Sep	91.0	90.8	90.0
Oct	100.5	100.5	100.5 100.0
Nov	104.5	103.5	104.5 104.0
Jan	105.0		104.5 104.0

Turnover:80 (63) lots of 3,250 kg

BGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	137.21	137.92			
Sep	138.00	138.10	138.00	137.40	85
Oct	138.60	138.90	138.60	138.30	65
Nov	139.10	138.70	139.10	138.70	70
Dec	139.40	138.70	139.40	138.50	70

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 10,401 lots
Cash	1255-56	1256-7	1253	1253-4		
3 months	1284-5	1289-90	1286-1280	1282-3	1283-4	104,428 lots
Copper, Grade A (£ per tonne)						Total daily turnover 16,696 lots
Cash	1356.5-7.5	1356-7	1355/1348	1345-6		
3 months	1366-67	1356-8	1365/1355	1355-5.5	1364-5	121,402 lots
Lead (£ per tonne)						Total daily turnover 703 lots
Cash	319-20	315-6		317.50-5.75		
3 months	331-2	327.5-8.0	332.5/330.0	330.25-0.50	330-2	14,996 lots
Nickel ($ per tonne)						Total daily turnover 2,886 lots
Cash	7940-50	7860-70		7890-900		
3 months	7980-90	7915-20	8050/7900	7920-30	7985-90	14,767 lots
Tin ($ per tonne)						Total daily turnover 362 lots
Cash	5590-95	5580-90		5585-90		
3 months	5665-70	5655-65	5670/5650	5660-65	5665-70	7,238 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 4,385 lots
Cash	1022-23	1019-20	1023/1017	1017-7.5		
3 months	1038-39	1035-7	1041/1032.5	1032.5-3.0	1041-1	35,645 lots

LME Closing £/$ rate:
SPOT: 1.6810 3 months: 1.6600 6 months: 1.6448 9 months: 1.6285

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	347.80-348.30	
Opening	348.80-349.20	
Morning fix	347.00	205.691
Afternoon fix	347.40	207.156
Day's high	349.00-349.40	
Day's low	345.70-346.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.21	6 months	4.97
2 months	5.12	12 months	4.93
3 months	5.02		

Silver fix	p/fine oz	US cts equiv
Spot	228.15	381.50
3 months	232.10	386.70
6 months	237.90	392.20
12 months	250.35	404.75

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	348.00-349.00	207.50-208.00
Maple leaf	358.00-359.00	213.50-214.00
New Sovereign	83.00-84.00	49.50-50.00

TRADED OPTIONS

Coffee	Nov	Jan	Nov	Jan
500	55	79	2	3
550	19	14	16	15
600	4	17	51	41
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
675	53	67	29	92
700	40	77	41	40
725	31	64	57	52
Brent Crude	**Oct**	**Nov**	**Oct**	**Nov**
2050	22	56	23	56
2100	6	32		
2150		18		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	348.1	350.9	0	0
Oct	349.6	352.4	349.8	346.5
Nov	351.3	354.1	0	0
Dec	352.9	355.7	353.0	350.1
Feb	356.0	358.7	355.6	353.5
Apr	359.0	361.6	359.0	355.0
Jun	362.1	3364.7	361.2	361.0
Aug	365.3	367.8	362.0	362.0
Oct	368.4	370.8	367.8	367.8

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	339.8	339.0	340.0	334.8
Jan	344.2	343.4	345.0	339.0
Apr	347.9	347.1	345.5	345.0
Jul	351.9	351.1	348.5	348.5
Oct	358.9	358.1	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	380.7	382.2	383.0	378.5
Oct	382.4	383.9	0	0
Nov	384.5	386.0	0	0
Dec	387.0	388.5	389.5	384.5
Jan	388.4	389.9	391.0	391.0
Mar	393.5	395.0	396.5	391.5
May	398.0	399.4	400.0	398.5
Jul	402.3	403.7	403.5	400.0
Sep	407.0	408.3	408.0	408.0
Dec	414.3	415.5	416.0	414.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	104.30	103.70	104.50	103.40
Oct	103.75	103.30	103.90	103.10
Nov	103.45	103.10	103.65	103.65
Dec	103.15	102.65	103.50	102.30
Jan	102.45	102.20	0	0
Feb	101.95	101.55	0	0
Mar	101.30	100.85	101.50	100.60
Apr	100.75	100.40	0	0
May	100.20	99.85	100.50	99.60
Jun	99.75	99.40	99.25	99.25

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	22.19	21.97	22.24	22.06
Dec	21.93	21.76	21.94	21.82
Jan	21.77	21.64	21.80	21.69
Feb	21.64	21.51	21.64	21.56
Mar	21.42	21.35	21.42	21.40
Apr	21.30	21.21	21.31	21.29
Jun	21.10	20.99	21.10	20.98
Jul	21.00	20.91	20.95	20.90

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	6390	6319	6400	6360
Oct	6455	6407	6480	6435
Dec	6630	6579	6650	6610
Jan	6625	6594	6665	6615
Feb	6480	6434	6500	6450
Mar	6210	6174	6235	6200
Apr	5965	5954	5995	5965
Jun	5648	5670	5725	5595

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1038	1019	1045	1038
Dec	1091	1067	1107	1077
Mar	1140	1116	1154	1128
May	1167	1145	1180	1163
Jul	1193	1173	1195	1195
Sep	1216	1195	0	0
Dec	1248	1225	0	0
Mar	1283	1258	0	0
May	1306	1290	0	0
Jul	1333	1316	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	85.65	85.10	86.15	85.00
Dec	89.00	88.20	89.50	88.20
Mar	92.10	91.65	92.85	91.60
May	94.40	94.15	95.10	94.10
Jul	96.95	96.50	96.50	96.15
Sep	99.30	99.00	99.00	98.75
Dec	102.40	102.65	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	8.83	8.73	8.85	8.65
Mar	8.35	8.27	8.35	8.23
May	8.31	8.21	8.31	8.20
Jul	8.36	8.22	8.36	8.20
Oct	8.33	8.25	8.30	8.22

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	65.50	66.30	65.64	65.00
Dec	66.06	67.05	66.10	65.37
Mar	67.15	67.56	67.15	66.45
May	67.75	67.05	67.80	67.10
Jul	68.10	67.02	68.40	67.75
Oct	67.30	0	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	119.50	120.50	120.25	119.00
Nov	119.35	119.30	119.75	119.00
Jan	117.30	117.70	118.00	117.25
Mar	118.80	118.50	118.90	118.10
May	119.45	119.25	119.00	118.80
Jul	119.45	119.25	119.45	119.45
Sep	119.45	119.25	0	0
Nov	119.45	119.25	0	0
Jan	119.45	119.25	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Aug.30	Aug.29	mnth ago	yr ago
1657.1	1655.1	1706.3	1808.8

DOW JONES (Base: Dec. 31 1974 = 100)

	Aug.29	Aug.28	mnth ago	yr ago
Spot	117.26	117.86	120.84	130.79
Futures	121.61	122.25	129.71	133.23

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	579/2	568/4	580/0	571/0
Nov	590/4	582/4	591/0	583/2
Jan	600/6	592/6	601/0	594/0
Mar	611/0	603/4	611/4	604/4
May	617/4	610/0	618/0	612/4
Jul	620/4	614/4	621/4	617/0
Aug	615/4	611/0	616/0	613/0
Sep	591/0	591/0	593/0	591/0
Nov	586/4	585/4	590/0	586/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	20.17	19.83	20.32	19.88
Oct	20.22	19.97	20.44	20.01
Dec	20.56	20.36	20.80	20.38
Jan	20.73	20.55	20.96	20.58
Mar	21.07	20.85	21.32	20.92
May	21.32	21.00	21.55	21.28
Jul	21.57	21.32	21.70	21.50
Aug	21.62	21.35	0	0
Sep	21.57	21.35	0	0
Oct	21.57	21.35	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	190.0	186.5	190.5	187.3
Oct	188.2	184.9	188.5	185.0
Dec	186.7	183.4	187.2	183.8
Jan	185.5	182.4	185.5	182.9
Mar	184.1	182.1	184.5	182.0
May	183.7	181.7	184.0	181.0
Jul	183.5	180.7	184.0	180.0
Aug	182.0	179.7	182.0	182.0
Sep	183.0	179.2	183.0	183.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	249/0	247/0	249/4	248/2
Dec	254/6	252/4	255/0	253/0
Mar	262/2	260/0	262/4	260/0
May	266/4	264/0	266/4	264/2
Jul	268/6	266/0	268/6	266/2
Sep	254/0	254/0	264/6	254/0
Dec	250/6	250/2	251/0	249/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	310/4	304/4	311/4	305/6
Dec	321/0	317/6	321/4	317/0
Mar	324/4	321/6	324/4	321/2
May	315/4	314/0	316/4	315/0
Jul	306/0	305/2	306/2	306/0
Sep	315/0	313/0	315/0	314/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	70.05	69.70	70.10	69.37
Dec	73.40	73.02	73.45	72.72
Feb	72.22	71.95	72.35	71.70
Apr	73.02	72.87	73.15	72.75
Jun	71.10	70.85	71.10	70.60
Aug	69.70	69.50	69.70	69.42

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	44.17	43.77	44.25	43.50
Dec	43.77	43.60	43.95	43.45
Feb	43.47	43.40	43.55	43.25
Apr	41.97	41.96	42.10	41.92
Jun	46.15	46.17	46.15	46.15
Jul	46.07	46.07	0	46.05
Aug	44.65	44.65	0	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	48.12	47.62	48.30	47.25
Mar	47.80	47.22	47.90	46.95
May	48.70	48.00	48.70	47.75
Jul	48.30	48.20	48.50	48.00
Aug	45.10	45.10	45.35	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up on strong US data

THE DOLLAR showed small mixed changes, but was generally firmer against European currencies after fairly strong US economic data.

July leading indicators rose 1.2 per cent, compared with forecasts of around 0.8 per cent, and against a revised increase of 0.6 per cent in June. This was the sixth consecutive monthly rise, boosted by a climb in orders for manufactured goods. Leading indicators consist of various economic activities designed to indicate direction six to nine months in advance. Eight of 11 indicators rose in July ,with only three negative.

Factory orders in July were also stronger than expected, rising 6.2 per cent, against estimates of 5.7 per cent, and after a fall of 1.2 per cent in June.

The Chicago purchasing managers index, an early guide to next Tuesday's National Association of Purchasing Managers index, rose to 54.7 from 48.0 per cent in July.

Initial reaction to the data was to buy dollars, but after it failed to establish a level above DM1.7500 light selling developed, leaving the US currency only slightly higher on the day.

At the London close it had improved to DM1.7485 from DM1.7460; to SFr1.5280 from SFr1.5255; and to FFr5.9375 from FFr5.9250, but it fell to Y136.85 from Y137.00. On Bank of England figures the dollar's index rose to 66.7 from 66.4.

The D-Mark weakened against the dollar, but was steady in the middle of the European exchange rate mechanism, showing no reaction to proposals for the introduction of a 35 per cent German withholding tax by Mr Franz Klein, president of the German Federal Accountant Office.

He said the scheme was based on a model from Switzerland, using a combination of withholding tax and exemption of income and asset tax. It would not require banks to report financial assets and should not lead to a flight of capital from Germany.

Sterling was virtually unmoved in the ERM, remaining the third weakest currency, and generally moving in line with its European partners.

The pound eased 5 points to $1.6810 and to Y230.00 from Y230.25, while climbing to DM2.9400 from DM2.9350; to FFr9.9800 from FFr9.9625; and to SFr2.5675 from SFr2.5650. Its index fell 0.2 to 90.5.

The French franc remained bottom of the ERM, and had a weak tone on speculation about a possible cut in official interest rates next month. It lost ground to the D-Mark at the Paris fixing.

The Canadian dollar was weaker after a rise of 1.2 per cent in Canadian second quarter gross domestic product. The rise compared with a first quarter fall of 1.2 per cent, but was in line with expectations and encouraged a market holding long positions to take profits.

£ IN NEW YORK

Aug.30	Latest	Previous Close
£ Spot	1.6790-1.6800	1.6830-1.6840
1 month	0.74-0.72pm	0.74-0.72pm
3 months	2.11-2.08pm	2.14-2.11pm
12 months	7.07-6.97pm	7.07-6.97pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 30	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.838	-4.34	5.76	75
Belgian Franc	42.4032	42.2480	-0.37	1.54	24
Italian Lira	1538.24	1532.58	-0.37	1.54	25
Dutch Guilder	2.31643	2.31315	-0.14	1.32	13
D-Mark	2.05586	2.05362	-0.11	1.28	15
Irish Punt	0.767417	0.767683	0.03	1.14	4
Sterling	0.696904	0.699227	0.33	0.83	-7
Danish Krone	7.84195	7.92691	1.08	0.09	-44
French Franc	6.89509	6.97581	1.17	0.00	-57

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug.30	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.681	2.940	230.0	9.980	2.567	3.312	2192	1.917	60.45	1.429
$	0.595	1	1.749	136.8	5.937	1.527	1.970	1304	1.140	35.96	0.850
DM	0.340	0.572	1	78.23	3.395	0.873	1.127	745.6	0.652	20.56	0.486
YEN	4.348	7.309	12.78	1000.	43.39	11.16	14.40	9530	8.335	262.8	6.213
F Fr.	1.002	1.684	2.946	230.5	10.	2.572	3.319	2196	1.921	60.57	1.432
S Fr.	0.390	0.655	1.145	89.60	3.888	1	1.290	853.9	0.747	23.55	0.557
H Fl.	0.302	0.508	0.888	69.44	3.013	0.775	1	661.8	0.579	18.25	0.431
Lira	0.456	0.767	1.341	104.9	4.553	1.171	1.511	1000.	0.875	27.58	0.652
C$	0.522	0.877	1.534	120.0	5.206	1.339	1.728	1143	1	31.53	0.745
B Fr.	1.654	2.781	4.864	380.5	16.51	4.246	5.479	3626	3.171	100.	2.364
ECU	0.700	1.176	2.057	161.0	6.984	1.796	2.318	1534	1.341	42.30	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

Long term Eurodollars: two years 6¼-6⅛ per cent; three years 7⅛-7⅛ per cent; four years 7⅜-7⅜ per cent; five years 7⅞-7⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6810	1.6738	1.6601	1.6426	1.6115
D-mark	2.9400	2.9356	2.9293	2.9230	2.9110
French Fr.	9.9800	9.9665	9.9460	9.9265	9.8885
Swiss Fr.	2.5675	2.5618	2.5507	2.5350	2.5036
Yen	230.00	229.95	228.00	226.00	221.97

MONEY MARKETS

Rates little changed

RATES HELD steady in London yesterday, despite an exceptionally large shortage of day-to-day credit. Three-month sterling interbank was unchanged at 10⅞-10¾ per cent and 12-month money was quoted at 10⅝-10½ compared with 10⅝-10⅝ per cent.

Trading remained quiet in short sterling futures on Liffe. September delivery rose to 89.34 from 89.33 and the December contract climbed to 89.86 from 89.85.

Credit was in very short supply on the London money market. The Bank of England initially forecast a shortage of £2,300m, but revised this to £2,200m at noon. Total assistance of £1,961m was provided.

An early round of help was offered and at that time the authorities bought £550m bills for resale to the market in equal amounts on September 4 and 6 at an interest rate of 10⅞ per cent.

In further operations before lunch the Bank of England purchased £279m bills, including £155m bank bills outright in band 1 at 10⅞ per cent. Another £124m bills were bought for resale to the market in equal amounts on September 4 and 6 at a rate of 10⅞ per cent.

In the afternoon £1,062m bills were purchased, including £762m outright, via £84m Treasury bills in band 1 at 10⅞ per cent and £678m bank bills in band 1 at 10⅞ per cent. A further £300m bills were bought for resale to the market in equal amounts on September 4 and 6 at 10⅞ per cent. Late assistance of around £70m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,327m, with the unwinding of repurchase agreements on bills absorbing £559m, a rise in the note circulation £510m and bank balances below target £95m. These outweighed exchequer transactions adding £175m to liquidity.

At the weekly Treasury bill tender the average rate of discount on £300m of 91-day bills fell to 10.0676 from 10.1508 per cent and the average rate on £200m of 182-day bills declined to 9.7953 from 9.8279 per cent.

The highest accepted rate on 91-day bills fell to 10.0876 from 10.1679 per cent, equal to a price of £97.485. Bids at that level were allotted in full.

Bids for 91-day bills totalled £1.415bn, up from £1.1bn the previous week but bids for 182-day bills fell to £758m from £932m.

UK clearing bank base lending rate 11 per cent from July 12, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.30) 3 months US dollars	6 months US Dollars
bid 5⅝ offer 5⅝	bid 5⅝ offer 5⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Aug.30	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.75-8.95	9.00-9.15	9.05-9.20	9.10-9.25	9.25-9.40	9.25
Paris	8¾-9	9⅛-9⅜	9⅛-9⅛	9⅛-9½	9½-9⅝	9.25
Zurich	7⅞-8⅛	8-8⅛	-	7⅞-8⅛	-	-
Amsterdam	8.94-9.06	9.15-9.22	-	9.18-9.31	-	-
Tokyo	7⅞-7⅞	7⅞-7⅞	-	7⅞-7⅞	-	-
Milan	10⅛-11⅛	11⅛-11⅞	-	11⅛-12	-	-
Brussels	8⅞-9	9-9⅛	-	9⅛-9⅛	-	-
Dublin	9⅛-10	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	-

LONDON MONEY RATES

Aug 30	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12¼	11⅛	11⅛	10⅞	10⅞	10⅝
Interbank Bid	10½	10⅞	10⅞	10⅞	10¾	10½
Sterling CDs	-	-	11	10⅝	10⅝	10½
Local Authority Deps.	11	11	10⅞	10¾	10⅝	10⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11⅛	10⅞	10⅞	10⅝	-	-
Company Deposits	-	-	11⅛	10⅝	10⅝	10⅜
Finance House Deposits	-	-	11	10⅞	10⅝	10⅝
Treasury Bills (Buy)	-	-	10⅞	10¾	9⅞	-
Bank Bills (Buy)	-	-	10⅞	10⅞	10	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.67	5.67	5.75	5.93
SDR Linked Dep. Offer	-	-	7⅛	7½	7½	7⅝
SDR Linked Dep. Bid	-	-	7⅛	7⅜	7⅜	7½
ECU Linked Dep. Offer	-	-	9¼	9⅞	10	10
ECU Linked Dep. Bid	-	-	9⅝	9¾	9⅞	9⅞

Treasury Bills (sell): one-month 10⅜ per cent; three months 10⅛ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅝ per cent; three months 10¼ per cent; Treasury Bills; Average tender rate of discount 10.0676 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 30 ,1991 . Agreed rates for period Sept.25, 1991 to October 25 , 1991, Scheme I: 12.08 p.c., Schemes II & III: 12.17 p.c. Reference rate for period August 1, 1991 to August 30 , 1991, Scheme IV&V: 10.950 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from August.1 , 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 7½ per cent; one-three months 10 per cent; three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July.15,1991 , Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
102	-	4.18	-	0.07	0.23	-
103	-	-	-	0.14	0.38	-
104	-	-	-	0.27	-	-
105	1.63	-	-	0.50	-	-
106	1.02	-	-	0.87	-	-
107	0.58	1.00	-	-	-	-
Open Int.	83,968	25,753	950	56,880	28,880	4,250

Estimated volume 21,987 Total Open Interest 200,681

BANK RETURN

BANKING DEPARTMENT	Wednesday August 28, 1991		Increase or decrease for week
	£		£
LIABILITIES			
Capital	14,553,000		
Public Deposits	88,729,281	+	3,378,343
Bankers Deposits	1,667,288,482	+	2,077,053
Reserve and other Accounts	3,053,972,444	-	56,026,635
	4,824,543,207	-	50,571,239
ASSETS			
Government Securities	1,457,115,591	+	189,730,000
Advance and other Accounts	1,713,866,780	-	317,875,722
Premises Equipment & other Secs	1,645,645,429	+	80,593,137
Notes	7,908,378	-	3,021,899
Coin	207,029	+	3,245
	4,824,543,207	-	50,571,239
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,392,091,622	+	123,021,899
Notes in Banking Department	7,908,378	-	3,021,899
	16,400,000,000	+	120,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	10,529,148,192	+	353,012,409
Other Securities	5,859,836,708	-	233,012,409
	16,400,000,000	+	120,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bnk.	11
Allied Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen. Bank	11.5	Roxburghe Bank Ltd.	12
Bank of Ireland	11	First National Bank Plc.	14	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of Scotland	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Banque Belge Ltd	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Benchmark Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Brit. Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk.	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp.	11
Citibank NA	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
Comm. Bk. of London Plc	11	Lloyds Bank	11		
		Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

MONTHLY AVERAGES OF STOCK INDICES

	August	July	June	May
Financial Times				
Government Securities	85.64	84.72	83.74	84.53
Fixed Interest	94.57	93.82	93.03	93.77
Ordinary	2027.3	1953.2	1951.7	1952.2
Gold Mines	173.4	206.8	197.6	155.1
SEAQ Bargains(4.45pm)	28,389	27,691	25,623	26,869
F.T.-Actuaries				
Industrial Group	1279.77	1,240.52	1232.77	1233.65
500 Share	1379.99	1,342.46	1330.25	1331.16
Financial Group	824.49	788.08	785.09	805.83
All-Share	1244.33	1,208.52	1198.76	1203.75
FT-SE 100	2600.5	2530.1	2495.1	2493.3
FT-SE Eurotrack 100	1108.77	1107.24	1143.22	1127.59

	Highest August close	Lowest August close
Ordinary	2079.3 (30th)	1975.9 (19th)
All-Share	1268.62 (30th)	1218.23 (19th)
FT-SE 100	2645.7 (30th)	2540.5 (19th)
FT-SE Eurotrack 100	1125 84 (30th)	1040.76 (19th)

EDUCATION

PERSONAL

ART GALLERIES

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. Φ Bargains done the previous day.

British Funds, etc
No. of bargains included 1815

Exchequer 10½% Stk 2005 - £104⅛ (27Au91)
Guaranteed Export Finance Corp PLC 12½% Gtd Ln Stk 2002(Reg) - £114⅝ (28Au91)

Corporation and County Stocks
No of bargains included 4

Greater London Council 6¾% Stk 90/92 - £97½ ½

ABN-AMRO Hldgs N.V. Ord FL5 - FL38 95 9.1
Barclays Bank PLC 8¼% Uns Cap Ln Stk 86/93 - £93¾ 5
12% Uns Cap Ln Stk 2010 - £105
16% Uns Cap Ln Stk 2002/07 - £128¾ 9¾ 30⅛ ⅛
Barings PLC 8% Cum 2nd Prf £1 - 84½ (28Au91)
Co-Operative Bank PLC 9.25% Non-Cum Ind Prf £1 - 95¾
Com Stk $5 - $27 0971 (23Au91)
HSBC Hldgs PLC Ord $H10 - $H2.23 2.29 2.295 2.3 $M10.7
Kyowa Saitama Bank Ld Shs of Com Stk

British Sugar PLC 10⅜% Red Deb Stk 2013 - £99½ ⅝ ¾ ⅞
Brown & Jackson PLC 10.75% Cnv Cum Prf £1 - 49
Bulgin(A.F.) & Co PLC Ord Stk 5p - 42 (27Au91)
Bunzl PLC 7% Cnv Uns Ln Stk 95/97 - £79 .96 80 .04 1
Burndene Investments PLC 15% Uns Ln Stk 2007/12 - £95
Burton Group PLC 8% Cnv Uns Ln Stk 1996/2001 - £88 7
Butlin's Ld 8% 2nd Mtg Deb Stk 92/97 - £86½ (23Au91)
CRH PLC 7% "A" Cum Prf Ir£1 - I£0.6
CRT Group PLC Ord 10p - 101 5
Card Group PLC 7p Cum Cnv Red Prf 2009 10p - 69¼ 70.964 1 4
Canadian Overs Pack Industr Ld Com Npv - 510 (27Au91)
Canning(W.) PLC 7½% Uns Ln Stk 88/93 - £90 (23Au91)
Ord 1p - 45½ (28Au91)
Capital Ventures PLC Ord 1p - 105
Carclo Engineering Group PLC 10½% Cum Red Prf £1 - 85
Carlton Communications PLC ADR (2:1) - $17 (28Au91)
Caterpillar Inc Shs of Com Stk $1 - $47.0971 (23Au91)
Centex Corporation Shs of Com Stk $0.25 - $35.8471 (23Au91)
Channel Tunnel Investments PLC 5p - 43 (28Au91)
Charter Consolidated PLC 2p(Br) (Cpn 54) - $8½
Cityvision PLC 8.5%(Net) Cnv Cum Red Prf

Bedford(William) PLC Ord 5p - 30
British Thornton Hldgs PLC Ord 5p - 12 (28Au91)
CMW Group PLC Ord 5p - 57 (28Au91)
Chemex International PLC Ord 5p - 5 (28Au91)
EIT Group PLC Ord 5p - 13
Gibbs Mew PLC Ord 25p - 139 (23Au91)
Great Southern Group PLC 8.75p Cum Cnv Red Prf 5p - 84
Greenacre Group PLC Cnv Red Prf Shs 70p (Ptly Pd)(Reg) - 40Φ
Mid-States PLC Ord 10p - 58 (27Au91)
Midland & Scottish Resources PLC Ord 10p - 88
Savage Group PLC 8.5% (Net) Cum Red Cnv Prf £1 - 46 (27Au91)
Sherwood Group PLC New Ord 10p - 29
Simpsons of Cornhill PLC Ord 5p - 47 8 (27Au91)
URS International Inc Shs of Com Stk $0.01 - 1 (27Au91)
Wharfedale PLC Ord 5p - 15 5 6 7
Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prf £1 - 160 2 (28Au91)

Rule 535(2)
No. of bargains included 51

Adam & Co PLC Ord £1 - £1.55 (27Au91)
African Gold PLC Ord 1p - £0.095 0.1025 0.105 0.1075 0.11 0.11‡ 0.1125 0.115
Ann Street Breweries Co Ld Ord £1 - £4 (28Au91)
Aston Villa Football Club PLC Ord £5(1 vote) - £35 38 (23Au91)
Barbican Holdings PLC Ord 1p - 0⅝ ⅜
Brown(A.)& Sons PLC Ord 5p - £0.35 0.38 0.4
Conister Trust Ld Ord 25p - 20½ (23Au91)
Dart Valley Light Railway Ld Ord £1 - £3 (27Au91)
Douglas Gas Light Co Ld Ord £1 - £4.35
Exchem PLC Ord 50p - £1.95 2.05 (23Au91)
Image Store Holdings PLC Ord 10p - 25 (28Au91)
Ireland Yard Investments PLC Ord 10p - £0.015 0.02 0.03 (27Au91)
Jennings Bros Ld Ord 25p - £1.9 (28Au91)
Kleinwort Benson(Guernsey)Fund Man International Income - £1.983‡
Lawrie Group PLC Ord £1 - £21 (28Au91)

Le Riche's Stores Ld Ord £1 - £2.65
Liverpool FC & Athletic Grounds PLC Ord £5 - £690
MIM Britannia International Ld Japan Income & Growth - £1.299
Merrett Hldgs PLC Ord 10p - £0 55 (28Au91)
National Parking Corp Ld Ord 10p - £3.38 3.4
Newmarket Thoroughbred Breeders PLC Ord 50p - £0⅞
North West Exploration PLC Ord 20p - 2 (23Au91)
Quay Properties Ld £1 - £1.05
Rangers Football Club PLC Ord £1 - £65
Saxon Hawk Group PLC Ord £1 - £1.08Φ
Shepherd Neame PLC "A" Ord £1 - £5 35 5.45 (28Au91)
Southern Newspapers PLC Ord £1 - £2.8Φ
Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.46‡
Tadpole Technology PLC Ord 10p - £0.7 (28Au91)
Weetabix Ld "A" Non.V Ord 25p - £6.2 6¾ (23Au91)

RULE 535 (4) (a)
Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Oil & Gas 17
Bounty Invs A$2.2816 (28/8)
Community Psychiatric Centers $27 45
Harland (John H) Co £13.625
Leighton Hldgs A$1.2
Mount Martin Gold Mines A$0.375 (23/8)
Niugini Mining A$1.744 (28/8)
Oil Search 31
Tandem Resources C$0.09Φ (27/8)
Wong Industrial Hldgs HK$2.175Φ (23/8)
Woolfus Class 'A' £15.125Φ (27/8)

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LONDON STOCK EXCHANGE

New peak as the equity account ends

By Terry Byland, UK Stock Market Editor

A QUIET but confident trading session saw the UK stock market edge forward to new peaks yesterday. This rounded off an eventful three week trading account over which the London market has risen by about 3 per cent. Trading volumes were healthy but not extraordinary and takeover speculation continued to indicate an underlying optimism in equities.

After hesitating in the early part of the session, the equity market moved higher in late afternoon as the US dollar strengthened in response to the latest data on the US economy. The FT-SE Index recovered an early fall of 5.5 to end the session at 2,645.7, a new all-time high and a net gain of 7.5 on the day.

Seaq-reported volume reached 397.7m shares against

Account Dealing Dates		
First Dealings:		
Aug 12	Sep 2	Sep 16
Option Declarations:		
Aug 29	Sep 12	Sep 26
Last Dealings:		
Aug 30	Sep 13	Sep 27
Account Day:		
Sep 9	Sep 23	Oct 7

*New-time dealings may take place from 8.30 am two business days earlier.

Thursday's 428.6m. Dealers believed that yesterday's volume total took in a high proportion of inter-market business as the big securities firms squared their books off, ready for the new trading account which could test the market's current levels.

Market traders, while generally optimistic on the outlook for equities, kept any enthusiasm under restraint yesterday. At County NatWest, Mr Robert Semple said the market was consolidating around its latest peaks but that near term performance hinged on several factors; the likelihood of further rights issues, following the recent cash calls from Ladbroke and Peninsular & Oriental could restrain the stock market. Speculation over the identity of the next name in the rights issue queue was rife in the market yesterday.

Mr Ian Harnet at Strauss Turnbull, the UK market arm of Société Générale, was unwilling to raise his year-end forecast above FT-SE 2,650, expressing some concern over assumptions of the strength behind any impending UK economic recovery.

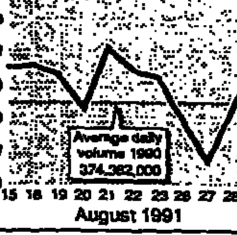
The extended three-week equity account which closed last week was hit by an unexpected combination of holiday lethargy and the sudden, dramatic developments in eastern Europe. Many fund managers will return from holiday to their desks on Monday morning to take a close look at their portfolio balances and liquidity ratios.

Tensions tightened further on the speculative front, where suggestions that Philip Morris of the US may strike soon inspired activity in the UK food manufacturing sector. Cadbury Schweppes, still seen as a favourite target, moved ahead sharply and United Biscuits also found buyers. Uncertainty over the present whereabouts of the 4.18 per cent stake in Pilkington, the UK glass manufacturer, held by BTR continued to inspire market speculation.

● After languishing following the August Bank Holiday, equity volume is returning towards levels exceeding last year's averages.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Aug 30	Aug 29	Aug 28	Aug 27	Aug 23	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.96	85.98	85.80	85.78	85.94	78.33	85.98 (29/8)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.94	94.91	94.89	94.89	94.81	86.38	94.94 (30/8)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	2079.3	2068.2	2053.9	2050.0	2069.3	1693.6	2079.3 (30/8)	1608.3 (16/1)	2079.3 (30/8/91)	49.4 (26/6/40)
Gold Mines	149.5	157.6	158.1	159.0	162.0	197.3	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2645.7	2638.2	2624.2	2619.8	2640.7	2182.8	2645.7 (30/8)	2054.8 (16/1)	2645.7 (30/8/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1189.66	1188.76	1184.81	1182.85	1181.65	-	1192.11 (5/8)	938.62 (16/1)	1192.11 (5/8/91)	938.62 (16/1/91)

	Aug 30	Aug 29	Aug 28	Aug 27	Aug 23	Year Ago
●Ord. Div. Yield	4.56	4.59	4.62	4.63	4.59	5.59
●Earning Yld %(full)	7.43	7.48	7.53	7.55	7.48	11.90
●P/E Ratio(Net)(☆)	16.79	16.67	16.56	16.52	16.68	10.20
SEAQ Bargns 4.45pm	34,096	30,491	26,858	28,515	32,495	15,992
Equity Turnover(£m)†	-	1031.02	983.65	638.09	988.66	623.86
Equity Bargains†	-	30,480	27,227	29,687	32,182	16,426
Shares Traded (ml)†	-	445.3	369.0	284.5	415.4	304.4

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 13.66

Ordinary Share Index, Hourly changes Day's High 2079.3 Day's Low 2061.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2065.4	2064.8	2062.1	2063.1	2065.4	2066.6	2068.9	2071.5	2075.2

FT-SE 100, Hourly changes Day's High 2645.7 Day's Low 2632.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2637.3	2637.9	2633.5	2633.4	2635.5	2636.5	2639.2	2641.2	2642.9

FT-SE Eurotrack 200, Hourly changes Day's High 1190.60 Day's Low 1184.70

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1188.74	1187.96	1187.93	1185.01	1188.15	1189.56	1189.68

GILT EDGED ACTIVITY

Indices*	Aug 29	Aug 28
Gilt Edged Bargains	77.1	70.0
5-Day average	73.6	75.0

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	209	486	-7
ASDA Group	2,400	60½	-½
Abbey National	1,000	304	
Albert Fisher	865	103	
Allied-Lyons	2,300	598	+13
Amstrad	978	50	
Anglian Water	437	372	
Argos	50	337	
Argyll Group	4,200	305	+3
[illegible]			
Bowater	362	885	+7
Brit. Aerospace	804	555	-10
British Airways	1,100	178½	-½
British Gas	3,700	288½	-1
British Land	242	308	+1
BP	6,200	352½	+3
British Steel	7,000	127½	-1½
British Telecom	4,800	384	+3
Bunzl	1,200	105½	
Burmah Castrol	534	680	+6
Burton	833	40½	-½
Cable & Wire.	1,100	599	
Cadburys	5,600	418	+16
Calor Group	390	229	-2
Carlton Comms.	141	504	+5
Coats Viyella	1,200	168	-1
Comm. Union	546	524	

	Volume 000's	Closing Price	Day's change
Cookson	400	125	
Courtaulds	560	485	+8
Dalgety	516	425	+3
De La Rue	454	445	-2
Dixons	872	262	-3
ECC Group	246	457	-3
Eastern Elect.	576	173	-1
East Midland Elect.	290	185	-1
Enterprise Oil	545	521	+1
[illegible]			
Hanson Warrants	378	33½	
Harrisons Crosfield	696	158	
Hawker Sidd.	593	604	+9
Hillsdown	1,200	234	-2
IMI	43	257	-1
ICI	1,300	1368	+20
Inchcape	204	380	
Kingfisher	1,300	574	
Ladbroke	4,200	285	+6
Land Securities	347	517	-2
Laporte	343	594	+3
Legal & General	626	443	+2
Lloyds Abbey	676	416	-3
Lloyds Bank	1,000	385	-2
LASMO	896	326	+2
London Elect.	387	198	-1
Lonrho	1,500	238½	-1½

	Volume 000's	Closing Price	Day's change
Lucas	1,100	156	+1
MB Caradon	1,300	274	+9
MEPC	179	475	-1
Manweb	68	240	
Marks & Spencer	2,500	280	+2
Maxwell Comms.	105	185	-1
Midland Bank	1,900	253	-1
Midlands Elect.	184	201	-1
NFC	561	201	+1
[illegible]			
Rank Org.	1,100	718	-9
Reckitt & Colman	310	700	+10
Redland	647	566	-7
Reed Intl.	575	463	-2
Rentokil	447	375	-1
Reuters	526	891	+2
Rolls Royce	9,300	137	+3
Rothmans	141	1100	-3
Ryl Bk Scotland	2,100	188	+1
Royal Insurance	2,200	410	+5
Saatchi	663	18	
Sainsbury	2,300	364	+3
Scottish & New.	3,000	430	-1
Scot. Hydro-Elect.	3,800	111½	-1
Scottish Power	7,800	105½	-½
Sears	1,200	89	+½
Sedgwick	684	271	-2

	Volume 000's	Closing Price	Day's change
Seeboard	97	[illegible]	
Severn Trent Water	86	[illegible]	
Shell Transport	1,500	[illegible]	
Siebe	371	[illegible]	
Slough Ests	206	[illegible]	
Smith (W.H.) A	873	[illegible]	
Smith & Nephew	3,100	[illegible]	
SmKl Beecham	480	[illegible]	
SmKl Beecham Uts.	90	[illegible]	
[illegible]			
Thorn EMI	489	[illegible]	
Tomkins	307	[illegible]	
Trafalgar House	3,400	[illegible]	
Ultramar	1,200	334	+1
Unigate	1,100	326	+1
Unilever	952	760	+4
United Biscuits	1,700	409	+11
Utd. Newspapers	406	392	-1
Wellcome	409	748	+1
Welsh Water	133	368	
Wessex Water	40	373	
Whitbread "A"	219	405	-2
Williams Hldgs.	888	348	+1
Willis Corroon	892	309	-1
Wimpey	332	174	+3
Yorkshire Elect.	470	232	
Yorkshire Water	523	384	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Bid talk boosts Cadbury

SHARES IN Cadbury Schweppes were boosted for the second day running by bid speculation. Once again, the first name mentioned as a possible predator was US consumer goods giant Philip Morris, said to be preparing a £5 a share offer. Hanson was also mooted.

This bid story was a given a little more credence than many because of the high volume of trading in Cadbury: 5.6m shares made it the fifth busiest day's business in the shares this year.

Traders were sceptical, however. They said that the heavy trade had squeezed a market already short of the stock after recent rises. In addition, analysts at SG Warburg yesterday morning recommended investors buy the shares.

Analysts and traders acknowledged there might eventually be a bid, but thought it unlikely in the short term. This view was reflected in sharp rises late in the session in Allied-Lyons and United Biscuits, on the view that a bid might be for one of these two instead. Both have also been the subject of takeover speculation in recent months.

Cadbury was 20 higher at one point before ending at 418p, up 16 on balance. Allied and UB both closed at their highs for the day up 13 at 596p and 11 higher at 409p respectively.

BAe rights rumours

A market preoccupied with hunting down the candidates thought to be considering launching big rights issues alighted on British Aerospace, scheduled to reveal interim figures on September 10.

BAe, under intermittent bouts of pressure in mid-week, dropped sharply at one point yesterday to touch 550p, before steadying to end the session a net 10 off at 555p. Over the week the stock has come back from 574p.

Specialists said rights issue stories had been circulating for many weeks but had come to the fore during the past couple of sessions. Analysts expect BAe to produce poor figures on September 10, reflecting mostly the hard times being endured by Rover, the car maker.

Estimates of the interim results range from around £80m to £100m, against a comparable £146m. One analyst said a rights issue from BAe would be made "from a position of weakness rather than from strength."

Others took a more positive view. Mr Clive Forestier-Walker of stockbroker Charterhouse Tilney said a money-raising operation would be seen "as no bad thing; it would enable BAe to develop its vast land bank."

Brent Walker falls

Brent Walker dropped 2 to 18p, equalling its lowest level for more than five years, after the company restated its 1990 profits. The asset value for the company was restated from £139m to a net negative worth of £56m.

The company also proposed that holders of its 13 per cent convertible capital bonds swap into 8.5 per cent second redeemable preference shares. The convertible bond slipped 2 to 26p and the preference eased a penny to 6p.

Racal busy

A modest decline in Racal Electronics, which settled a penny off at 222p, masked keen interest in the shares. Turnover reached a heavy 4.4m.

Monday sees the latest move in the demerger process. The Stock Exchange will allow marketmakers to deal in Racal Electronics, ex Racal Telecom, as "Racal Special Ex". A grey market in Racal Special Ex already exists, with the price quoted at around 31p.

Racal Electronics is meeting analysts at the Royal Lancaster Hotel in London on Monday in what is seen as a marketing effort. The full demerger of Electronics from Telecom is scheduled for September 16. Racal Telecom shares settled fractionally higher at 341p with turnover a busy 1.4m.

Overnight demand for ICI and SmithKline Beecham led to early rises for their shares. Traders said that recent gains in US pharmaceutical company stocks meant that global investment funds were underweight in UK drug sector. ICI added 20 at 1368p and SmithKline rose 4 to 793p.

Dollar strength underpinned their gains and helped Glaxo recover from some weakness, induced by profit-taking after a record breaking run, to end 4 off at 1363p.

GEC closed a shade firmer at 194p on relatively high turnover of 5.6m after a meeting analysts at Hoare Govett. The presentation is one of a series in the City of London. Mr David Newlands, finance director at GEC, was said to have been confident of GEC's prospects for the full year, especially with Alsthom and the heavy electrical side of the business.

MicroFocus raced 65 higher to 2113p after news that US investors now hold 33.74 per cent of the shares.

CMB Packaging lifted 50 more to 1600p on continued speculation that BTR might launch a bid. MB-Caradon, a big stakeholder in CMB, also benefited, rising 9 to 275p.

Talk that BTR would make an acquisition has been in the market for some time – the group recently sold Pretty Polly for £110m. It was revived by talk this week that BTR was selling its 4 per cent stake in Pilkington (up a penny at 167p).

Trafalgar House rose 6 to 253p after being up 12 at one stage. Hoare Govett was believed to have been buying on behalf of a client.

BET failed to reflect the advances in the market after press suggestions that the company was about to make a rights issue. The shares eased a penny to 215p. Business services analyst Mr Mark Shepperd of UBS Phillips & Drew said: "In May BET sold its waste disposal business for £212m which brought gearing down so I don't take the rumours very seriously." Serco Group benefited 5 to 490p following a 23 per cent boost in interim profits on Thursday.

Clothing maker SR Gent, whose main customer is Marks and Spencer, fell after the company issued a profits warning. It fell 13 before lifting with the market to close 5 off at 49p.

Union Discount remained troubled by stories of a rights issue. They dropped 24 to 230p but only 69,000 shares changed hands.

BZW was revealed as being the driving force behind the recent heavy turnover and strong performance of Tarmac. The shares closed another 7 better yesterday at 240p. BZW has been telling its clients to switch from George Wimpey, saying Tarmac represented better asset backing and gearing and was better placed to take advantage of a recovery in the housing market.

Wimpey, under pressure during recent sessions as the BZW switching was carried out, rallied 3 to 174p. Wimpey reports interims on Wednesday. Analysts are looking for the group to reveal a small loss.

An overnight buyer of Frogmore Estates shares left the market short of stock. Traders struggled to avoid quoting the best offer price in case a buyer moved in to exacerbate the shortage. The price climbed 13 to 323p but dealers said that few shares changed hands.

Comment by analysts and in the press on figures and deals from Wates City of London and Slough Estates helped both. Wates rose another 10 to 125p and Slough advanced 8 to 269p.

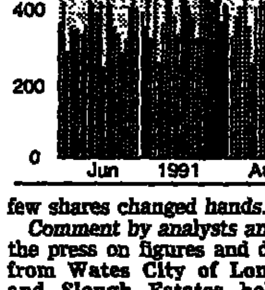
MARKET REPORTERS:
Daniel Green,
Peter John,
Steve Thompson.

■ *Other market statistics, including the FT-Actuaries Share Indices and London Traded Options,* **Page 9.**

FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (130).

BRITISH FUNDS (3) Fd. 6pc 1993, Consols 4pc, Treas. 2½pc IL 2003, INT.BANK & O'SEAS GOVT. STLG. ISSUES (4) African Dev. 11¼pc 2010, Asian Dev. 10¼pc 2009, Inti-Amer. Dev. 12½pc 2003, Do. 9¼pc 2015, FOREIGN BONDS (1) Hydro-Quebec 15pc 2011, AMERICANS (8) BankAmerica, CPC, California Energy, Morris (Ph), Rep NY, BANKS (3) HSBC, Warburg (SG), Do. 6pc Prf., BREWERS (3) Allied-Lyons, Greenalls, Seagram, BUILDINGS (4) BTP, Caird, Hickson, Plysu, CHEMICALS (1) ICI, STORES (6) Alexon, Cantors A, GUS A, Lloyds Chemists, Menzies (J), Smith (WH) A, ELECTRICALS (9) Alba, Brick, Delta, Domino Printing, Druck, Electrocomponents, Farnell, Hoskyns, Micro Focus, ELECTRICITY (1) PowerGen, ENGINEERING (6) Rotork, Senior, Spirax-Sarco, TACE, Victaulic, Weir, FOODS (7) BSN, Cadbury Schweppes, Dalgety, Northern, Perkins, Sims, Utd. Biscuits, HOTELS (1) Forte, INDUSTRIALS (42) Astra B, Avon Rubber, BTR Wrrnts. 1992-93, Baird (Wm), Bespak, Bibby (J), Bowater, Do. 7.75pc Prf., Bridport-Gundry, Brit. Polythene, CMB Packaging, Cathay Pacific, Courtaulds, Hays, Johnson Cleaners, Kalon, Lilly (E), Lionheart, MB-Caradon, Do. 7.25p Prf., MITIE, Macarthy, Norcros, Paterson Zochonis, Do. A, Portals, Reckitt & Colman, Do. 9.5pc Cnv. Bond, Rockware, Scapa, Serco, Shanks & McEwan, Shiloh, Sidlaw, Spring Ram, TT, Tomkins (FH), Do. 5.6pc Prf., Do. 5¼pc Prf., Trafalgar Hse. A, Wellcome, Wolseley, INSURANCE (2) Bradstock, Hogg, LEISURE (1) Allied Leisure, MOTORS (3) Evans Halshaw, Sanderson Murray Elder, Vardy (Reg), NEWSPAPERS (3) Blenheim, EMAP, Euromoney, PAPERS (1) Abbott Mead Vickers, PROPERTY (1) Land Securities 10pc 2030, TEXTILES (1) Sirdar, TOBACCOS (1) Rothmans B, TRANSPORT (3) Air London, CSX, Ocean, TRUSTS (18) American B, Dunedin Inc, Growth, EFM Inc. Zero Prf., Fleming American, Gartmore Emrg. Pacific, Gartmore European Wrrnts., INVESCO MIM, Jupiter Tarbutt Merlin, Law Debenture, M & G, Merchants Tst., Mexico Fund, Murray Intl., Personal Assets, River & Merc. Extra Inc., River Plate Zero Prf., Second Alliance, TR Technology Zero Prf., Temple Bar.

NEW LOWS (26).

CANADIANS (1) Central Capital A, BANKS (1) Union Discount, BUILDINGS (2) Fairbriar, Jarvis, STORES (2) Brown & Jackson, Gent (SR), ELECTRICALS (1) Burnfield, ENGINEERING (1) Ransomes, INDUSTRIALS (4) Grovewood, Nu-Swift, Securicor A, Western Capital, LEISURE (1) Yorkshire TV, PROPERTY (1) Waterglade 7.75pc Prf., TRANSPORT (1) Mersey Docks, TRUSTS (4) Drayton Blue Chip, Drayton Cons., English & Caledonian, Natl. Home Loans, OILS (3) Premier Cons., Sceptre Res., Trident, MINES (2) Kidston Gold, Meekatharra.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	17	31	35	124	88	120
Corps, Dom. & Foreign Bonds	0	0	20	7	10	63
Industrials	323	205	977	1,307	831	3,876
Financial and Props	140	75	528	559	346	2,067
Oils	16	19	53	70	73	209
Plantations	0	0	10	0	2	38
Mines	14	59	82	80	195	348
Others	49	41	52	206	181	194
Totals	559	430	1,757	2,353	1,726	6,915

EQUITY FUTURES AND OPTIONS TRADING

EXPIRY of the August Footsie options failed to enliven dealing in the derivative markets yesterday as volumes languished at the end of the three-week trading account in the underlying equity market, writes Peter John.

Turnover on LTOM was under 25,000 with the FT-SE option reflecting only a quarter of the business. Among equity options Cadbury Schweppes was active throughout the day on the back of continuing bid speculation. BZW was a heavy buyer of the calls.

Shortly before the close of trading, Rolls-Royce emerged as the star performer with 3,000 lots dealt. Agency broker James Capel was a heavy buyer of the long-dated calls in anticipation of recovery in the underlying share price. US house Morgan Stanley was also active.

In Liffe, the September Footsie future contract saw desultory turnover of just over 3,000 contracts and the price drifted in early trading because of a lack of interest.

There was no boost from the US as Wall Street and the S&P futures opened weakly. However, shortly before the official close a big buyer moved in and squeezed the price up 8 to 2,674, a premium of 30 points to the underlying cash market.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	108.2414	-0.068	10.65	10.56	11.00
BELGIUM		9.000	06/01	98.2000	-0.200	9.28	9.35	9.48
CANADA *		9.750	12/01	100.7250	-0.050	9.63	9.71	9.93
DENMARK		9.000	11/00	98.4750	-0.075	9.24	9.29	9.46
FRANCE	BTAN	8.500	11/96	97.3613	-0.153	9.14	9.19	9.36
	OAT	9.500	01/01	103.1900	-0.300	8.98	9.01	9.24
GERMANY		8.750	08/01	101.9600	-0.280	8.45	8.50	8.64
ITALY		12.500	03/01	97.8100	-0.340	13.32	13.32	13.60
JAPAN	No 119	4.800	06/99	90.3084	-0.039	6.69	6.79	6.95
	No 129	6.400	03/00	100.2494	-0.058	6.36	6.45	6.58
NETHERLANDS		8.500	03/01	98.1500	-0.200	8.76	8.85	8.89
SPAIN		11.900	07/96	100.7000	-	11.67	11.81	12.17
UK GILTS		10.000	11/96	100-04	-02/32	9.96	10.02	10.23
		10.000	02/01	100-12	-02/32	9.94	9.96	10.15
		9.000	10/08	94-02	-04/32	9.71	9.73	9.93
US TREASURY *		7.875	08/01	100-14	-10/32	7.81	7.85	8.16
		8.125	08/21	100-26	-15/32	8.05	8.11	8.36

London closing, *denotes New York morning session. Yields: Local market standard
Prices: US, UK in 32nds., others in decimal. *Technical Data/ATLAS Price Sources*

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday August 29 1991

Textiles	+	46.87	Transport	+	21.15
Packaging, Paper & Printing	+	46.54	Motors	+	21.11
Health & Household	+	45.94	Conglomerates	+	20.44
Chemicals	+	43.62	Capital Goods	+	20.10
Business Services	+	40.69	Brewers & Distillers	+	19.45
Telephone Networks	+	35.25	Food Manufacturing	+	18.59
Other Industrial Materials	+	33.79	Financial Group	+	17.79
Engineering-General	+	32.10	Electronics	+	16.36
Electricals	+	30.54	Food Retailing	+	15.76
Banks	+	29.43	Insurance Brokers	+	13.53
Stores	+	29.36	Hotels & Leisure	+	13.23
Other Groups	+	28.44	Metals & Metal Forming	+	13.17
Consumer Group	+	26.98	Building Materials	+	12.98
Insurance (Life)	+	26.47	Insurance (Composite)	+	10.61
Industrial Group	+	26.00	Oil & Gas	+	7.93
Merchant Banks	+	24.43	Water	+	7.84
Investment Trusts	+	23.82	Contracting, Construction	+	2.26
500 Share Index	+	23.33	Engineering-Aerospace	+	2.18
Electricity	+	22.92	Gold Mines Index	+	1.94
All-Share Index	+	22.58	Property	-	3.56
Media	+	21.40			

COMMODITIES

WEEK IN THE MARKETS

Gold price slides to 14-month low

A FRESH wave of speculative selling sent the gold price to a 14-month low on the London bullion market yesterday. There was talk of renewed Middle East selling – the factor behind a succession of heavy falls this year – as the price fell to $347 a troy ounce at the morning fixing. But dealers did not, as before, discern the determined hand of a single operator. "Most of it is professional short-selling," commented Mr Andy Smith, precious Metals analyst at UBS Phillips and Drew.

The price edged up later in the day but by the close it was still down $3.90 on the day and $5.80 on the week at $346.05 an ounce.

Yesterday's selling followed the breach in the New York futures market overnight of support at $357 an ounce for the December delivery position. Dealers attributed that move to technical factors and saw no connection with events in the Soviet Union, although there continued to be nervousness about the possibility that Soviet gold being held by western banks under swap deals (in which gold is sold for hard currency with a commitment that it will be bought back later) might yet be thrown on to the market. Up to 250 tonnes of Soviet gold is believed to be held under such deals, much of which is due to be redeemed at the end of this quarter.

Gold's weakness spilled over into the silver market, where the cash price fell by 3 cents yesterday to 385.5 cents an ounce, extending the fall on the week to 7 cents. And the platinum price surrendered $3.75 of its earlier rally, ending $3.50 up on the week at $335 an ounce.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+19,375	to 605,050
Copper	+7,250	to 303,250
Lead	+2,150	to 93,225
Nickel	-348	to 6,732
Zinc	+9,675	to 139,575
Tin	+65	to 15,225

At the London Metal Exchange the biggest move was in the nickel market, where the cash position fell in mid-week to an 18-month low. Despite rallying on Thursday, on news of a production cut at a big refinery in Norway, and again yesterday, in response to an unexpected fall in exchange warehouse stocks, the price ended $95 down on balance at $7,945 a tonne.

The earlier fall had reflected continuing concern about slack physical offtake and expectations of a further rise in LME stocks, which had nearly trebled since mid-July to 7,080 tonnes. And that expectation remains, despite yesterday's surprise fall. Dealers estimate that about 10,000 tonnes of Soviet material is being prepared for the market in Rotterdam. Unless European mills take all that material up, which seems unlikely, much of it could find its way into LME warehouses.

The copper market put in a stronger performance as prices were buoyed by a clutch of fundamental and technical factors. Tightness of supplies for September delivery and chart-based US fund buying were backed up by the Chile Copper Corporation's announcement that it had lost production totalling 50,000 tonnes during the recent strikes at its Chuquicamata and El Teniente mines. Buyers were also encouraged by news of a fire that is likely to result in substantial production losses at the 80,000-tonnes-a-year Port Kembla plant in Australia. In the background meanwhile was growing optimism about an early upturn in the US economy.

The strike scheduled to begin on Wednesday at Minero Peru was postponed till next Tuesday, but that came as no surprise and the bullish factors were enough to push the cash copper price £28 higher on the week to £1,357 a tonne.

Zinc prices continued to be weighed down by slow physical offtake and high stocks – which rose by another 9,675 tonnes yesterday to 139,575 tonnes – and the three months position on the LME fell in midweek to a life-of-contract low of $1,028 a tonne. But reports of withdrawal of metal from the exchange's Baltimore warehouses helped to steady the market and the three months price closed yesterday at $1,038.50 a tonne, down $14 on the week.

At the London Futures and Options Exchange coffee traders were taking more notice of the plan to stabilise prices by withholding supplies in producing countries, details of which are to be presented by the Colombian president to his Brazilian opposite number on Monday. The countries are the two biggest coffee exporters.

As market operators covered themselves against the possibility that the plan, which they had thus far largely disregarded, might actually come to fruition the November futures price on Tuesday added £17 to the previous Friday's £11 rise. The advance was pared back a little but at yesterday's close the price was still showing a net rise of £14 at £554 a tonne.

Richard Mooney

APPOINTMENTS

Scottish Metropolitan deputy chairman

■ Professor Robert B. Jack, a non-executive director since 1980, has been appointed non-executive deputy chairman of THE SCOTTISH METROPOLITAN PROPERTY COMPANY. Professor Jack is senior partner of McGrigor Donald, a director of the Bank of Scotland, of Scottish Mutual Assurance Society, and of Gartmore Scotland Invstment Trust, and is an independent member of The Securities and Futures Authority.

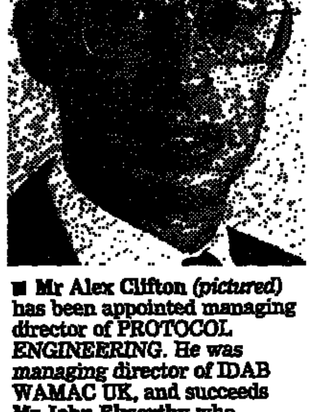
■ Mr Leigh Evans, founder of Evans-Munday, a contract negotiating service, has been appointed a non-executive director on the main board of national wine distributor CERT. Mr Evans, who has handled contract negotiations for CERT, will advise the board on purchasing policy.

■ ZENTECH INTERNATIONAL has appointed Mr Mike Gaff as sales and marketing manager. He was product manager with PSDI UK.

■ McDONNELL DOUGLAS INFORMATION SYSTEMS, Hemel Hempstead, has promoted Mr Paul Davis to marketing manager for its integrated systems engineering group. He was an international product manager for McDonnell Douglas UNIX and Reality X Hardware.

■ Mr Omar Babbar has become managing director of translation and interpretation company LINGUISTLINK following his take-over of the company, which was formed five years ago by Mr Sabita Amarnani.

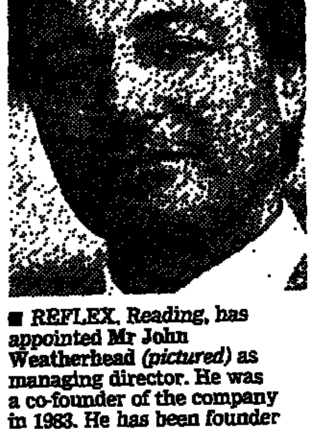
■ ARGENT CREDIT GROUP, Slough, has appointed Mr Alexander T.T. Rottenburg as banking director, from October 2. He was a director of the Union Discount Company. He was previously a non-executive director of the Argent Credit Group.



■ Mr Alex Clifton (pictured) has been appointed managing director of PROTOCOL ENGINEERING. He was managing director of IDAB WAMAC UK, and succeeds Mr John Elworthy who remains chairman.

■ BANKERS TRUST has made the following promotions to managing director in the London office: in global corporate finance - Mr Graham Clempson, Mr Gerrard Connell, Mr Stephen Davidson, Mr Alasdair Dundas, Mr Andrew Grabowski, Mr Juan Lopez-Quesada, Mr Jose Maldonado, Mr Bill Ronai, Mr Ted Giletti, Mr Constantinos Loizides, and Mr Peter Poullada; in global markets - Mr Alejandro Catania, Mr Mitch Frienberg, Mr Fergus Hoke, Mr Nicholas Jeffrey, Mr Gopel Menon, Mr Didac Artes, Mr Brian Farmer, Mr Lawrence Staden, and Mr John Holmes.

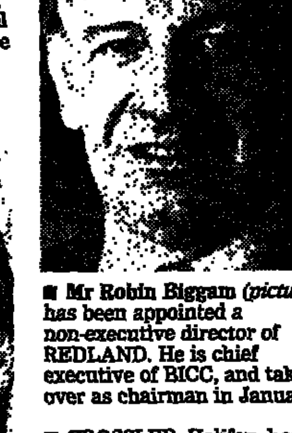
■ DATACARD CORPORATION, Minneapolis, has appointed Mr David Bretel (pictured) as director of finance for operations in Europe, the Middle East and Africa. He was finance director for DataCard UK, Havant.



■ REFLEX, Reading, has appointed Mr John Weatherhead (pictured) as managing director. He was a co-founder of the company in 1983. He has been founder and managing director of Frontline since 1985.

■ Mr Henry Liddell, Mr Nicholas Jackson, and Mr Giles Acheson-Gray have been appointed directors of GILES W. PRITCHARD-GORDON (SHIPBROKING).

■ Mr Michael Parker has been appointed European commercial director, and Mr John Scales becomes UK sales manager, at IMI YORKSHIRE FITTINGS, Leeds. Mr Parker was sales director, and Mr Scales was northern regional manager.



■ Mr Robin Biggam (pictured) has been appointed a non-executive director of REDLAND. He is chief executive of BICC, and takes over as chairman in January.

■ CROSSLEE, Halifax, has appointed Mr David Heywood as financial controller. He was financial director of Horsell Graphic Industries.

■ Following the offer of JUPITER TARBUTT MERLIN HOLDINGS for Tyndall Holdings becoming unconditional, Mr R.P. Horton and Mr I. Meir, Tyndall directors, will join JTM board.

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AUTHORISED UNIT TRUSTS

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
MW John Investors	0	1065	0 1065	0 1096	91+2 0	4.31

Maldon Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maldon General	0	118.1	118.1	121 1	..	5 47

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings 071-256 5858

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	137 4	138.7xd	147.6	-0 4	3 64
Gilt & Fxd Int	5	148 1	148.1	155.8	+0 1	8.09
Intl Growth	5¼	149.1	150 4	160 0	+2.6	0.40
North American ¥	5¼	102.5	103.8xd	110 4	+0.5	0.30
Far East	5¼	113.3	114.3	121.6	+2.1	0 49
UK Smaller Cos	5¼	100.2	101.9	108.4	+2.1	3 15
European	5¼	54.31	54.31	57 94	+0.04	0 93
Japanese Growth	5¼	34.80	34.80	37.30	+0.75	0.00
Managed P'folio	5¼	50.47	50 81	54 05	+0.17	1.30
High Income	5¼	154 4	156 0	166 0	-0.2	5.64
High Yielding Gilt	5¼	61.30	61.30xd	64.54		10.32
Cash		51 70	51 70	51.70	+0.01	9 47

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus London EC2M 1UT
Dealers. 071-826 0626 Enquiries: 071-826 0123

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth	5¼	170.9	170.9xd	182.5	+0 3	0.80
European Gth Inc	5½	200.9	200 9	214 4	+1.3	0 00
European Gth Acc	5½	200 9	200 9	214 4	+1.3	0 00
Intl Gwth	5¼	144.2	144.2	153 4	+1.5	0 00
UK Equity Inc	5¼	121.8	121 8	130.9		6 18
UK Equity Acc	5¼	137.2	137.2	147.4	...	6.18
UK Ind Tracker Inc	5	126 0	126 0xd	134.4	+0.2	3 66
Uk Ind Tracker Acc	5	136 9	136.9xd	146.1	+0.3	3 66
US Eq Ind Tracker Inc	5	149.7	149.7	160 6	+0.7	2.80
US Eq Ind Tracker Acc	5	154.5	154.5	165.8	+0.7	2.80
Japan Tracker	5	59.55	59.55	63.16	+1.14	0 00
Asian Trader	5¼	84 79	84 79	90.74	+1.08	1.47
Managed Inc	5¼	102.2	102.2	109.9	+0.5	1.90
Managed Acc	5¼	103 8	103 8	111 7	+0.5	1.90
Cash Inc	0	100 47	100 47xd	100 47	+0 02	10.24
Cash Acc	0	110.32	110.32xd	110 32	+0 02	10.24
Europa	5¼	104.9	104 9	112 2	+0.2	0 00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	118.96	118 96	126.50	+0.85	2.60
Exempt Smllr Cos	3¼	229.30	229.30	248.73	-0.14	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (¥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation.
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

هكذا من الأصل

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● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	319.6	319.6	340.8	+2.5	1.24
(Accum Units) ♥	5	373.9	373.9	398.7	+2.9	1.24
British	5	821.3	821.3	868.9	-0.8	5.51
(Accum Units)	5	1314.9	1314.9	1391.1	-1.2	5.51
European	5	326.9	326.9	348.1	-0.6	1.30
(Accum Units)	5	350.4	350.4	373.1	-0.7	1.30
Japan	5	112.2	112.2	119.2	+1.6	-
(Accum Units)	5	113.0	113.0	120.1	+1.6	-
New Pacific	5	171.4	171.4	182.2	+0.3	1.97
(Accum Units)	5	176.0	176.0	187.1	+0.3	1.97
PEP Aug 14	5	129.6	131.5	139.2		3.73
Mngd Equity	5	123.9	125.8	133.1	+0.5	3.49
Mngd Equity Acc	5	131.4	133.4	141.2	+0.6	3.49
Mngd Cash	5	96.64	96.64	99.93	+0.02	10.57
(Accum Units)	5	114.5	114.5	117.9		10.57
Mngd Fxd Int Acc Aug 14	5	120.1	120.1	127.1		6.92
Majority Stlg	1	100.67	100.67	101.67	+0.02	10.39
Majority Stlg Acc	1	105.60	105.60	106.65	+0.02	10.39
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries 0277 227300 Dealing 0277 261010						
International Aug 30	0	51.74	51.74	52.31	+0.58	3.48
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Sun Alliance House, Horsham 0403 56293						
	6	615.9	615.9	658.7	-0.1	3.11
Equity	6	81.42	81.42	87.08	+0.23	0.92
North America	6	89.65	89.65	95.90	+1.10	1.07
Far East	6	47.68	47.68	50.72	+0.21	6.06
Wide Bond	6	66.91	66.91	71.56	-0.13	1.33
European	6	72.05	72.05	77.06	-0.11	5.26
Equity Income	6	58.91	58.91	63.01	+0.14	2.13
Portfolio						
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingstoke, Hants 0800 525725						
American Growth	6	27.57	27.57	29.49	+0.14	0.43
	6	104.67	105.38	112.71	+0.23	3.68

	Bid Price	Offer Price	+ or -	Yield Gross
Funds in Court*				
Capital July 17	503.87	507.50	---	2.52
Gross July 17	183.59	185.06	---	10.54
High Yield July 17	299.58	301.99	---	6.82
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd.	54.68	56.79	+0.12	3.50
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P Folio	1201	1265	-	-
Mngd Pens (Acc)	70.4	75.0	-	-
Lazard Brothers & Co. Ltd				
Property Jan 3	£2540.0	2675.0	---	6.00
Inc Gtn Prp Apr 16	£1325.0	1460.0	---	7.20
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Aug 30	£3624.4	3797.3	+12.80	4.28
European Aug 30	£542.1	548.0	+3.80	2.20
American Aug 30	£375.0	379.0	+1.20	2.14
Japan Aug 30	£491.2	499.1	+9.80	1.30
Pacific Aug 30	£141.9	145.1	-0.20	1.91
W Midlands June 30	£144.10	160.90	---	2.48
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property July 31	199.15	203.20	---	7.41
Equity July 31	885.85	898.25	---	4.10
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Aug 29		101.45	+0.3	10.42
(Accum Units)		582.9	+2.0	10.42
NAACIF Aug 27		42.84	---	9.17
Morgan Grenfell Unit Trust Managers Ltd				
Exempt Funds				
	132.1	141.6	-0.1	2.74

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

FT MANAGED FUNDS SERVICE

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES

	Aug 29	Aug 28	Aug 27	Aug 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3049.64	3055.23	3026.16	3039.36	3055.23 (28/8)	2470.30 (9/1)	3055.23 (28/8/91)	41.22 (2/7/32)
Home Bonds	96.29	96.11	96.08	96.04	96.29 (29/8)	91.30 (16/1)	96.29 (29/8/91)	54.99 (1/10/81)
Transport	1212.09	1212.45	1202.40	1212.27	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.63	208.56	206.56	206.31	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3068.65 (3064.85) Low 3030.86 (3018.11)

STANDARD AND POOR'S

	Aug 29	Aug 28	Aug 27	Aug 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	396.47	396.64	393.06	393.85	396.64 (28/8)	311.49 (9/1)	396.64 (28/8/91)	4.40 (1/6/32)
Industrials	472.01	471.86	467.59	468.45	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	32.01	32.01	31.73	31.90	32.24 (14/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	217.12	217.17	215.26	215.61	217.17 (28/8)	170.97 (9/1)	217.17 (28/8/91)	4.46 (25/4/42)
Amer Mkt. Value	370.95	370.62	369.62	369.72	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	526.39	526.29	521.75	521.38	526.39 (29/8)	355.75 (14/1)	526.39 (29/8/91)	54.87 (31/10/72)

	Aug 23	Aug 16	Aug 9	year ago (approx.)
Dow Industrial Div. Yield	3.01	3.08	3.18	4.29

	Aug 28	Aug 21	Aug 14	year ago (approx.)
S & P Industrial div. yield	2.63	2.69	2.70	3.24
S & P Indl. P/E ratio	21.71	21.35	21.31	15.47

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
USX-Marathon	3,871,400	33	+ 1⅛
IBM	2,239,800	95¼	+ 1¼
Foxmeyer	2,012,100	15¼	...
RJ Nabisco	1,824,300	12¼	+ ⅛
Philip Morris	1,762,300	74⅝	+ ½
AT & T	1,665,200	38⅝	...
Cons Stores	1,635,700	8⅛	+ ¾
Telefonos	1,562,100	37½	+ ⅛
Unisys Corp	1,545,000	5¾	+ ¼
GTE Corp	1,405,200	30	...

TRADING ACTIVITY

† Volume (Millions)	Aug 29	Aug 28	Aug 27
New York SE	150.180	169.590	143.920
Amex	13.496	16.746	14.044
NASDAQ	158.804	165.659	139.672
NYSE			
Issues Traded	2,097	2,083	2,091
Rises	786	1,058	689
Falls	785	509	869
Unchanged	526	516	533
New Highs	123	133	79
New Lows	4	4	7

CANADA

TORONTO

	Aug 29	Aug 28	Aug 27	Aug 26	1991 HIGH	1991 LOW
Metals & Minerals	3101.42	3116.42	3111.10	3127.48	3299.99 (18/7)	2632.06 (9/1)
Composite	3514.88	3521.30	3517.26	3532.00	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1866.64	1868.96	1871.68	1882.92	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50, Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 30	Aug 29	Aug 28	Aug 27	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1540.4	1540.4	1541.2	1540.1	1591.3 (7/8)	1204.5 (16/1)
All Mining (1/1/80)	667.0	669.3	669.2	667.1	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	467.60	466.96	462.77	464.91	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1128.92	1121.56	1120.40	1123.96	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	373.38	373.22	374.42	375.97	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	975.6	974.0	974.6	976.1	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	486.71	487.78	483.71	483.94	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1864.26	1857.74	1851.83	1849.67	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	686.26	688.99	685.70	685.43	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1928.9	1937.0	1927.4	1925.4	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1650.50	1655.50	1647.50	1647.12	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3998.26	3960.23	3968.14	3981.96	4079.01 (14/8)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1494.31	1494.71	1444.63	1492.07	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	556.44	552.70	548.62	550.95	639.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	22335.87	22002.17	21621.63	21641.30	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1732.10	1706.60	1682.94	1691.29	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2767.83	2758.93	2757.48	2771.38	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	553.46	545.80	535.38	538.60	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Tt. Rtn. Gen. (End 1983)	280.5	279.0	278.5	278.7	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.3	198.4	198.0	198.2	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	789.48	790.49	788.05	790.88	793.53 (26/8)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1017.55	1024.68	1025.99	1005.23	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	386.59	380.59	376.22	374.92	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1077.0	1110.0	1127.0	1108.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4114.0	4127.0	4119.0	4097.0	4167.0 (14/8)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex (4/1/80)	686.21	685.44	692.28	690.34	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	273.17	272.37	271.90	272.74	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1097.50	1092.20	1083.50	1081.2	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	768.9	769.2	761.8	757.2	769.2 (29/8)	590.4 (14/1)
SBC General (1/4/87)	633.3	632.6	627.8	625.1	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4566.57	4358.95	4352.92	4411.60	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	705.65	693.21	684.77	683.35	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl (1/1/70) US	504.2*	502.7	499.2	497.0	529.2 (17/4)	439.1 (16/1)

**Saturday August 24. Taiwan Weighted Price 4426.14 Korea Comp Ex. 697.74.

& Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Futures-related sell program weighs on Dow

Wall Street

FUTURES-RELATED program selling and a weak bond market prompted a fall in share prices yesterday morning, *writes Patrick Harverson in New York.*

By 1pm the Dow Jones Industrial Average was down 10.73 at 3,038.91. The other main indices were also weaker at midsession, with the more broadly-based Standard & Poor's 500 2.02 lower at 394.46 at 1pm, and the Nasdaq composite of over-the-counter stocks down 2.05 at 524.34. Turnover on the NYSE was 81m shares by 1pm, and declines outpaced rises by almost two to one.

In one of the quietest sessions so far this year, as many traders and investors took the day off yesterday to extend the Labour Day holiday weekend, there was a lack of buying incentives.

A stronger-than-expected set of leading economic indicators for July was a welcome sign that the economy is recovering from the recession, but fear that the data might persuade the Federal Reserve that there was no need to cut interest rates deterred buying.

Continental Bank fell $⅝ to $12⅝ after announcing a special $175m provision for loan losses, a cut in its quarterly dividend from 25 cents a share to 15 cents a share, and the abandonment of its status as a primary dealer in US government securities. The fact that the market had expected these actions – and priced them into the stock accordingly – limited yesterday's declines.

Coca-Cola Enterprises fell $⅝ to $14¼ after announcing the acquisition of the debt-laden Johnston Bottling Corporation in a stock swap deal worth $427m. The company also warned of a decline in 1991 net profits to between 30 cents and 50 cents a share.

Coca-Cola, which owns large stakes in both companies and which will hold an equally large stake in the newly merged operation, eased $¼ to $65⅞. PepsiCo, Coca-Cola's main rival, eased $⅛ to $32⅞.

Texas Instruments dropped $⅞ to $31¼ on the news that the company has joined forces with three Japanese groups – Fujitsu, Hitachi and Sony – in a partnership to develop high-density television technology.

On the over-the-counter market, the most actively traded stocks were the big technology issues, including Microsoft, down $⅞ at $85¼, Intel, down $1⅞ at $49⅞, Borland International, which rose $1⅛ to $54¾ and Sun Microsystems, down $1¼ at $32.

McCaw Cellular Communications rose $⅝ to $28⅛ in active trading as the market applauded the company's cellular telephone joint venture with Pacific Telesis.

Allwaste rose $⅛ to $5⅞ after the Houston group sold its asbestos abatement division to IAM/Environmental for $4.4m. The sale will lead to an after-tax charge in the fourth quarter, but Allwaste said it still expected to report a profit for the final three-month period.

Canada

WEAKNESS IN gold and some bank shares, and general lack of interest ahead of the long weekend drove Toronto stocks lower at midday. The TSE-300 composite index eased 7.9 to 3,507.0. Declining issues led advances by 195 to 173 on volume of 11.7m shares valued at C$160.6m.

Weak bullion prices pushed gold shares lower. Placer Dome eased C$⅛ to C$12⅛, Teck Corp class B fell C$¼ to C$19⅞ and Echo Bay slipped C$⅛ to C$8⅞. American Barrick fell another C$½ to C$24⅝ after tumbling C$⅞ on Thursday. Barrick's chairman, Mr Peter Munk, said on Thursday that he planned to sell up to 2m common shares of the gold company to satisfy Canadian tax laws.

Several analysts lowered their earnings estimates for National Bank of Canada and Toronto-Dominion Bank after they reported disappointing third quarter results on Thursday. Toronto-Dominion fell C$⅝ to C$18¼ and National Bank was flat at C$10⅞ after recovering from an earlier loss of C$⅛.

SOUTH AFRICA

GOLD shares came under pressure as world bullion prices slumped below $350. Vaal Reefs fell R3 to R185. The all-gold index dropped 33 or 3 per cent to 1,077. The industrial index fell 13 to 4,114 and the all-share index 33 to 3,349.

EUROPE

Chemicals feature in Frankfurt and Paris

CHEMICAL AND drug companies featured yesterday as most bourses showed gains on the week, *writes Our Markets Staff.*

FRANKFURT was disheartened by government forecasts that the economy would only grow by around 3 per cent for the whole of 1991, because of a considerable slowdown in the second half of the year. The economy grew by 4.5 per cent last year.

But gains in the chemical sector in the wake of this week's second quarter results kept the fall in the DAX index to 5.00 yesterday at 1,650.50, after a 2.73 decline to 686.26 in the FAZ at midsession. Index gains on the week were 1.4 and 1.3 per cent respectively.

In a review of European chemicals, Paribas Capital Markets notes that chemical production in Germany has, in recent years, been underpinned by very buoyant industrial production. Without this prop it is expected to find the going tougher than of late.

Bayer, which has the least exposure to bulk chemicals of the big three German chemical companies, rose DM4.10 to DM283.50; BASF rose DM3.10 to DM250.40 and Hoechst, clearly the worst first-half performer of the three, fell another DM4.20 to DM240.20.

FT-SE Eurotrack 100 - Aug 30

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1124.75	1124.47	1123.30	1123.61	1124.08	1123.50	1125.11	1125.84

Day's High 1126.70 Day's Low 1122.78

Aug 29	Aug 28	Aug 27	Aug 23	Aug 22
1124.82	1121.03	1118.91	1112.34	1108.61

Base value 1000 (26/10/90).

Outside chemicals, the main interest was in special situations. Hoesch, the steelmaker and engineer, rose DM9.10 to DM292.10 as old takeover rumours resurfaced.

Salamander, the shoemaker with east European appeal, rose DM13 to DM371.

Continental, the tyremaker, finished DM3.30 higher at DM215.30 (after a DM10 gain on Thursday) on plans to increase its prices and to close the Canadian plant in its loss-making American operation.

Asko, the retailer, put on DM17.50 to DM892.50 after a 67 per cent jump in first-half profits.

PARIS traded quietly for most of the day but then got a boost late in the afternoon as options expired. By 3.30pm local time turnover stood at FFr1.7bn but it then jumped to FFr2.8bn by the close, boosted by option-linked activity and two block trades in Havas. The CAC 40 index closed 6.52 higher at 1,864.26, up 1.7 per cent on the week.

Drug companies were in demand after the government's latest proposals on pricing and R and D were seen as more favourable to drug manufacturers than they had originally expected.

Rhône-Poulenc certificates gained FFr19 or 4.8 per cent to FFr418.90 on unusually heavy volume of 161,750 shares, also boosted by a report in the daily newspaper, les Echos, that the Finance Ministry might sell voting rights to investment certificate holders in state companies. Sanofi rose FFr28 or 3 per cent to FFr949 in solid volume of 83,625 shares. Synthelabo added FFr36 to FFr919.

Mr Mark Tracey, pharmaceuticals analyst at Paribas in London, believes that the government's policy will probably lead to further consolidation with the French pharmaceuticals industry but will also boost profit margins.

MILAN closed higher but below its opening levels. The Comit index rose 2.74 to 555.44 and was up 0.9 per cent on the week. Trading was estimated at close to Thursday's L67bn.

The insurance sector was depressed by Ras which fell L410 to an official close of L16,890 before rebounding to L16,980 after hours.

Cementir, the cement company which has risen strongly this week, dropped L24 to L2,740 on profit-taking.

Montedison, which announced a reduction in its workforce as part of its restructuring of its chemical division, gained L4 to L1,349.

AMSTERDAM ended mixed in quiet trading. The CBS tendency index ended 0.2 lower at 91.2, down 0.4 per cent on the week.

Among second-liners, the retailer KBB closed Fl 6.70 lower at Fl 73.80 in reaction to news after the market closed on Thursday that its first half net profit dropped to Fl 9.7m from Fl 22.1m.

BRUSSELS continued its love/hate affair with individual stocks, this time the retailer Colruyt which rose BFr130 to BFr3,780; the rise was on technical grounds, and demand was said to have come mainly from British investors.

The Bel-20 index rose 7.36 to 1,128.92, 0.7 per cent higher on the week.

OSLO closed mostly lower in dull trading. The all-share index fell 0.99 to 521.75, up 1.1 per cent on the week.

Hafslund B shares were heavily traded after Mega Pacific International, in which the Hafslund Nycomed board chairman has interests, sold 250,000 shares at NKr237 each. The stock fell NKr2 to NKr238.

MADRID saw a second quarter recovery in profits at Telefonica, which rose Pta12 to Pta982 as the general index closed 1.74 higher at 273.17, up 1.2 per cent on the week.

Stockholm suffers a bout of pre-election nerves

John Burton on Europe's best performer this year

STOCKHOLM, Europe's best performing bourse so far in 1991, was drifting down from its year's peak in mid-July when it was convulsed last week by the Soviet crisis and the collapse of the corporate empire controlled by the financier Mr Erik Penser.

These two shocks came at a time when the market was getting nervous about the general elections on September 15. Matters were not helped by the release of generally poor half-year results last week.

Astra provided an exception, and yesterday the pharmaceutical company lifted the market as its free B's rose SKr7 to SKr584. The Affärsvärlden index rose 5.3 to 1,097.5, up 1.9 per cent on the week.

Otherwise, the dire results have continued. Skandia free shares fell SKr5 to SKr175 yesterday on a first-half operating profits plunge to SKr7m from SKr1.51bn. In forestry, Modo free B's were steady at SKr305. After the close, MoDo said it would report a loss for May-August when it releases its eight-month results on October 11.

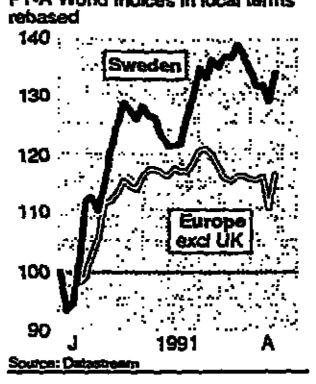
Meanwhile, the effects of Mr Penser's downfall may linger. The problems in his finance company, Gamlestaden, are provoking worries that other finance and property companies may collapse under the weight of growing debts. This would increase losses for the banks, leading to further restrictions on lending and, higher interest rates; economic recovery could be delayed as a result.

There is a sense of déjà vu about last week. A year ago, the Stockholm bourse was also coasting to new highs during the summer but was sharply brought back to earth by the Iraqi invasion of Kuwait in August. That precipitated a steep fall in share prices, with Stockholm ending 1990 with one of the worst performances in its history.

Few expect that the bourse will crumble this autumn in a similarly dramatic fashion, but the outlook for the rest of the year is uninspiring. So far in 1991 Sweden has risen by 35.6 per cent, according to the FT-Actuaries World indices, double the 17.3 per cent rise for Europe excluding the UK.

One crucial factor will be the general election results. Investors are more concerned about whether the next government will be strong, and less interested in its political complexion. The re-election of the ruling Social Democrats would not necessarily disappoint the bourse, given the government's more market-oriented approach in the past year. A non-socialist four-party coalition government, a more likely outcome, may present problems since internal squabbling could slow down promised reforms, ranging from tax cuts to the privatisation of state companies.

FT-A World Indices in local terms rebased



Source: Datastream

More bad news is likely in October when companies present their results for the first eight months of 1991. These will be concentrated among the banks, construction and building materials companies, and forestry concerns, which are the prime victims of the recession.

The banks are doing their best to reassure the market that the credit losses resulting from their lending to the finance companies are being brought under control. Skandinaviska Enskilda Banken, the country's biggest bank, claims that its losses will not grow this year despite the current crisis. The banks are also arranging a rescue package for Barkman, a property company, to prevent it from going into liquidation and causing further havoc in the markets.

But the finance company crisis does cast a shadow over expectations about an improvement in the economy, especially if interest rates rise as banks charge more for loans. The fall in interest rates this spring, resulting from Sweden's decision to link the krona to the ECU, was one factor behind the bourse's buoyant performance.

Economists were also betting that interest rates would fall further as inflation was brought under control, resulting from stabilised wage agreements and lower import prices. Other developments, however, have dampened previous optimism about interest rates. They include an increase in currency outflows, a growing deficit in the Swedish government budget and the rise in German interest rates.

Although most economists predict an economic recovery next year, it will be weak at best, with a GNP growth rate of less than one per cent. Export-dependent Swedish companies are also anxiously watching for signs of growth abroad. The expected improvement in the US and UK would come as a relief since these two countries are among Sweden's biggest markets. But demand in Germany, another key customer, could be weakening. James Capel, the London broker, predicts that Swedish corporate earnings will increase by an average of 20 per cent next year on the back of more foreign orders. But it contends that the "good news regarding 1992 earnings has been fully discounted, and there is always the danger that the increase in order books may not live up to expectations, at least initially". It does not believe that Stockholm will outperform Europe over the next 12 months.

Other analysts argue that strong technical factors will keep the Stockholm bourse afloat. Kleinwort Benson Securities notes that the market is benefiting from good liquidity. There are few new share or rights issues, except for a SKr5bn issue by Nordbanken, which is being subscribed mainly by government agencies; and the buy-outs of Alfa Laval and Saab-Scania this year freed at least SKr10bn for reinvestment, contributing to rallies in January and May.

ASIA PACIFIC

Hopes of lower interest rates lift Nikkei

Tokyo

INTEREST rate hopes and a rise in bond prices prompted buying from foreigners and domestic investors yesterday, *writes Emiko Terazono in Tokyo.*

The Nikkei average rose 333.70 to 22,335.87, after opening at the day's low of 22,059.11 and hitting the day's high of 22,350.00 in the morning.

Volume rose to 300m shares from 220m. Traders attributed a third of the volume to activity by foreigners. An investor based in the Middle East was also seen buying on dips.

Advances led declines by 757 to 187 with 126 unchanged. The Topix index of all first section stocks closed at 1,732.10, up 25.50 and, in London, the ISE/Nikkei 50 index rose 3.69 to 1,330.88.

Bond prices rose on rumours that the Bank of Japan would lower interest rates as early as next week. The yield on the 129 10-year benchmark ended at 6.340 per cent, down from 6.365.

All sectors except fisheries rose. Interest rate-sensitive large-capital issues were firm on prospects of an imminent discount rate cut. Nippon Steel, the most active issue of the day, rose Y13 to Y411, and Mitsui Engineering and Shipbuilding added Y8 to Y565.

Sanrio, the greeting card maker, dropped Y150 to Y2,690. Investors were unnerved by reports that the company would suffer a Y10bn pre-tax loss for the half-year to September, due to heavy losses on stocks.

Meiji Seika, the confectioner, surged Y100 to Y845 on reports that the company had developed an antibiotic which inhibits cancer.

Nippon Carbon rose Y50 to Y1,280 after a peak of Y1,310. Rumours that speculators are interested in the stock has attracted investors looking for quick profits.

Dia Kensetsu, the condominium broker, fell Y20 to Y2,050. Investors were discouraged by the failure of Maruko, the condominium developer.

In Osaka, the OSE average rose 265.34 to 23,817.73 on volume of 22m shares. Nintendo, the game maker, fell Y200 to Y11,700 on small-lot selling. There were concerns about the stock's high margin balance accumulated in March.

Roundup

TOKYO's better mood was reflected in several markets.

SINGAPORE extended Thursday's gains with a 24.78 rise in the Straits Times Industrial index to 1,432.24, 3.1 per cent higher on the week, on strong buying interest from institutions and individuals. Turnover rose from S$85.6m to S$135.7m. KUALA LUMPUR moved up in line, the KLSE composite index putting on 7.66 to 553.46, 1.8 per cent better on the week.

HONG KONG's Hang Seng index climbed 38.03 to 3998.26, but fell 0.6 per cent on the week, turnover easing from HK$1.41bn to HK$1.38bn. Recovery hopes lifted Swire Pacific 40 cents to HK$22.30 after a 1 per cent decline in half-year earnings.

Enthusiasm was also fanned by talk in the local press that Jardine Matheson is making progress in its talks with securities regulators. The company is seeking to be allowed to retain a secondary listing in Hong Kong after shifting its primary listing to London.

TAIWAN rallied on reports that the government has changed its bearish attitude towards the market. The weighted index rose 207.62, or 4.8 per cent to 4,566.57, up just 0.9 per cent on the week

James Capel Taiwan said that the government has stopped selling its shares in the International Commercial Bank of China (ICBC) since the index fell below 4,500. ICBC shares closed at T$114, down sharply from T$240 in late May when the government began unloading its holdings.

BANGKOK rose 4.3 per cent on the week after a 12.44 gain in the SET index to 705.65 yesterday in heavy turnover of Bt4.26bn. SEOUL, in contrast, fell 2.2 per cent on the week as the composite index closed up 0.77 on the day at 686.21.

MANILA's composite index slipped 7.13 to 1,017.55, still 5 per cent higher on a week enlivened by hopes that the US military will maintain their presence in the Philippines.

AUSTRALIA's All Ordinaries index fell 0.1 to 1,540.4, fractionally lower on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 29 1991								WEDNESDAY AUGUST 28 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	146.31	−0.1	129.00	126.71	132.82	124.08	+0.0	5.00	146.42	128.45	126.48	132.46	124.09	151.58	112.74	144.85
Austria (20)	175.30	+0.7	154.56	151.81	159.13	158.67	+0.7	1.78	174.11	152.74	150.40	157.51	157.53	222.37	154.82	236.32
Belgium (47)	127.87	+0.1	112.75	110.73	116.07	112.89	+0.0	5.25	127.73	112.05	110.32	115.54	112.92	151.20	118.04	144.48
Canada (114)	140.07	−0.1	123.50	121.29	127.14	115.88	−0.1	3.28	140.21	123.00	121.10	126.83	115.84	142.27	126.49	134.09
Denmark (37)	252.54	−0.1	222.66	218.70	229.24	230.81	−0.1	1.53	252.71	221.69	218.29	228.60	231.05	270.56	217.74	258.27
Finland (16)	97.04	+2.0	85.56	84.04	88.09	85.77	+0.9	2.81	95.18	83.50	82.22	86.11	85.03	125.15	89.53	122.91
France (109)	136.51	+0.2	120.36	118.21	123.91	126.88	+0.5	3.50	136.30	119.57	117.72	123.29	126.25	152.28	119.11	144.36
Germany (65)	109.06	+0.2	96.16	94.46	99.00	99.00	+0.5	2.27	108.89	95.53	94.07	98.50	98.50	125.35	94.15	125.32
Hong Kong (55)	164.90	−0.1	145.39	142.80	149.69	164.28	−0.1	4.29	165.04	144.78	142.55	149.30	164.45	169.98	119.62	125.65
Ireland (18)	155.54	+0.5	137.14	134.69	141.19	141.76	−0.2	3.53	154.77	135.78	133.69	140.01	142.07	182.46	132.88	154.28
Italy (77)	71.46	+0.5	63.00	61.88	64.86	69.51	+0.8	3.36	71.12	62.39	61.43	64.33	68.94	88.23	64.78	93.48
Japan (474)	123.03	+1.3	108.46	106.55	111.70	108.55	+1.5	0.79	121.50	106.59	104.95	109.93	104.95	146.97	118.23	129.37
Malaysia (68)	203.04	+2.0	179.02	175.82	184.30	217.58	+1.9	2.96	199.01	174.59	171.89	180.02	213.46	247.78	189.18	216.17
Mexico (18)	1223.71	+1.3	1078.95	1059.73	1110.81	4078.71	+1.3	1.33	1207.95	1059.71	1043.42	1092.74	4026.20	1223.71	534.45	514.44
Netherland (31)	137.03	−0.1	120.82	118.66	124.39	122.96	+0.2	4.36	137.14	120.31	118.46	124.06	122.71	145.73	125.70	137.36
New Zealand (14)	46.48	−0.3	40.98	40.25	42.19	42.89	−0.5	7.10	46.63	40.91	40.28	42.18	43.10	54.64	41.18	63.48
Norway (31)	202.88	−0.1	178.88	175.70	184.17	187.46	+0.0	1.50	203.12	178.19	175.46	183.75	187.54	223.24	178.58	261.30
Singapore (38)	190.96	+1.6	168.37	165.37	173.34	151.23	+1.4	2.27	187.93	164.87	162.34	170.01	149.14	208.25	151.63	174.06
South Africa (61)	241.13	−0.7	212.60	208.81	218.88	169.19	−0.4	3.21	242.88	213.07	209.79	219.71	169.89	258.85	173.00	179.85
Spain (54)	149.97	−0.2	132.23	129.88	136.13	123.16	−0.2	4.36	150.28	131.83	129.81	135.94	123.41	171.12	131.51	159.21
Sweden (25)	192.33	+0.3	169.58	166.56	174.59	180.08	+0.4	2.46	191.79	168.25	165.67	173.50	179.44	204.12	146.60	203.80
Switzerland (58)	93.12	+0.3	82.11	80.65	84.54	88.07	+0.8	2.19	92.83	81.44	80.19	83.99	87.34	100.67	82.17	97.70
United Kingdom (240)	177.76	+0.0	156.73	153.92	161.34	156.73	+0.5	4.69	177.72	155.91	153.50	160.75	155.91	187.44	156.27	185.88
USA (527)	161.00	+0.0	141.95	139.43	146.15	161.00	+0.0	3.01	161.02	141.26	139.09	145.67	161.02	161.02	125.95	128.69
Europe (826)	139.18	+0.1	122.72	120.53	126.35	124.94	+0.5	3.82	139.04	121.98	120.11	125.79	124.36	151.52	125.50	143.37
Nordic (109)	187.40	+0.1	165.23	162.29	170.11	166.68	+0.1	1.95	187.16	164.19	161.67	169.31	166.48	200.81	155.55	202.51
Pacific Basin (718)	124.78	+1.2	110.02	108.06	113.27	108.51	+1.4	1.16	123.35	108.21	106.55	111.59	107.02	145.92	117.86	129.72
Euro-Pacific (1546)	130.81	+0.7	115.33	113.27	118.73	115.75	+1.0	2.28	129.89	113.95	112.19	117.49	114.60	147.66	121.29	135.63
North America (641)	159.63	+0.0	140.75	138.26	144.93	157.93	+0.0	3.03	159.66	140.06	137.98	144.46	157.96	159.66	125.91	128.93
Europe Ex. UK (586)	116.37	+0.2	102.60	100.80	105.66	106.72	+0.4	3.15	116.19	101.93	100.38	105.13	106.27	129.80	103.58	128.79
Pacific Ex. Japan (244)	142.17	+0.3	125.35	123.14	129.07	126.37	+0.3	4.39	141.75	124.36	122.46	128.25	126.02	147.60	111.40	133.14
World Ex. US (1737)	132.95	+0.7	117.22	115.14	120.69	117.27	+0.9	2.33	132.08	115.87	114.10	119.49	116.19	148.16	122.32	136.23
World Ex. UK (2024)	137.95	+0.4	121.63	119.47	125.24	128.36	+0.6	2.34	137.34	120.49	118.64	124.26	127.63	145.77	120.06	129.31
World Ex. So. Af. (2203)	140.76	+0.4	124.11	121.91	127.78	130.70	+0.6	2.58	140.18	122.97	121.09	126.82	129.94	148.68	122.92	132.27
World Ex. Japan (1790)	152.50	+0.0	134.46	132.08	138.45	144.62	+0.2	3.36	152.45	133.74	131.69	137.93	144.38	152.83	126.69	135.53
The World Index (2264)	141.41	+0.4	124.68	122.47	128.37	131.03	+0.6	2.59	140.85	123.56	121.67	127.42	130.28	149.01	123.28	132.56

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

BRITISH FUNDS—Contd

1991 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100¼	94⅞	Treas 10pc 2003	100⅝xd	−⅛	9.94	9.90
108¼	103	Treas. 11½pc 2001-04	108⅛xd	−⅛	10.63	10.14
59⅞	53⅞	Funding 3½pc '99-04	59⅞	−⅛	5.86	8.76
97⅞	90⅞	Conversion 9½pc 2004	97⅜	−⅛	9.76	9.86
97½	90⅞	Conversion 9½pc 2005	97⅜	−⅛	9.76	9.85
118¼	111	Treas. 12½pc 2003-05	117¾	−⅛	10.62	9.93
		Over Fifteen Years				
85⅞	79⅞	Treas. 8pc 2002-06‡‡	85½	−⅛	9.36	9.84
112½	105⅞	Treas. 11¾pc 2003-07	112¼	−⅛	10.48	9.93
90½	84⅞	Treas 8½pc 2007 ‡‡	89⅞	−⅛	9.45	9.75
125¾	118⅞	Treas. 13½pc '04-08	125⅜xd	−⅛	10.77	9.93
94⅞	88⅞	Treas. 9pc 2008 ‡‡	94⅛	−⅛	9.57	9.71
94½	89⅞	Do. 9pc 2008 C	94⅛	−⅛	9.57	9.71
85⅞	80	Treas 8pc 2009	85⅝xd	−⅛	9.34	9.70
94¾	88⅞	Conv 9pc Ln 2011 ‡‡	93⅞	−⅛	9.61	9.71
61⅞	59⅞	Cnv. 9pc 2011 A	61⅞	−⅛	9.59	9.70
63¼	58⅞	Treas. 5½pc 2008-12‡‡	63⅛xd	−⅛	8.71	9.61
82¼	76⅞	Treas. 7¾pc 2012-15‡‡	82	−⅛	9.45	9.69
121⅞	113⅞	Exch. 12pc '13-17	120¼	−⅛	9.98	9.74
		Undated				
40¼	37⅞	Consols 4pc	40¼	+⅛	9.94	−
35⅞	33⅞	War Loan 3½pc‡‡	35⅞	+⅛	9.76	−
59⅞	57⅞	Conv. 3½pc '61 Aft	59½xd	+⅛	5.88	−
29⅞	28¼	Treas. 3pc '66 Aft	29⅞	+⅛	10.08	−
25⅞	23⅞	Consols 2½pc	25¼	+⅛	9.90	−
25¼	23⅞	Treas. 2½pc	25xd	+⅛	10.00	−
		Index-Linked (b)			(1)	(2)
120⅞	115⅞	Do. 2 '94 (102.9)	119⅞	.....	3.16	4.12
172⅞	168⅞	Do. 2pc '96 (67.9)	172¼xd	+⅛	3.72	4.25
142¼	137⅞	Do 2½pc '01 (78.3)	142½xd	+⅛	3.96	4.26
138⅞	133	Do. 2½pc '03 (78.8)	138⅞	+⅛	4.01	4.28
140¼	135	Do. 2pc '06 (69.5)	139⅞	+⅛	4.12	4.32
128⅞	124⅞	Do. 2½pc '09 (78.8)	128⅛	+⅛	4.14	4.33
132⅞	128⅞	Do. 2½pc '11 (74.6)	132⅛	+⅛	4.15	4.33
109¼	105⅞	Do. 2½pc '13 (89.2)	108⅞	+⅛	4.15	4.32
117½	113⅞	Do. 2½pc '16 (81.6)	115⅞	+⅛	4.15	4.31
113⅞	109½	Do. 2½pc '20 (83.0)	110⅞	+⅛	4.15	4.29
95¼	91¼	Do. 2½pc '24‡‡ (97.7)	92	+⅛	4.13	4.26

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1990: 129.9 and for July 1991: 133.8.

INT. BANK AND O'SEAS

1991 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
104⅛	95⅞	African Dv Bk 11¼ Ln 2010	103⅞	.....	10.71	10.62
99⅞	91⅞	Asian Dev Bk 10¼pcLn2009	99⅛	.....	10.34	10.36
113⅛	105⅞	Int-Am Dev Bk 12½pc 2003	112⅞	.....	11.09	10.54
93⅞	86⅞	Do. 9¾pcLn 2015	93⅞	.....	10.43	10.50
124	101	Utd. Mexican States 16½pc 2008	123¼	.....	13.33	12.99

CORPORATION LOANS

1991 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103½	100½	Birmingham 11½pc 2012	102½	.....	11.22	11.20
97½	93½	GLC 6¾pc 1990-92	97½	.....	6.92	11.05
115⅛	110½	Leeds 13½pc 2006	114½	.....	11.79	11.40
30	28	Liverpool 3½pc Irred	30	.....	11.67	−
27	26	LCC 3pc '20 Aft	26	.....	11.54	−
103½	97½	Manchester 11½pc 2007	102½	.....	11.22	11.15

COMMONWEALTH & AFRICAN LOANS

1991 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
90	84½	Sth Rhod. 87-92 Asstd	90	.....	−	−

LOANS

Building Societies

1991 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
104½	102	N'wide Anglia 3⅝pc Ln 2021	103½	.....	−	5.49
107	104	Do. 4.25pcIL '24	105¼	.....	−	5.12

Public Board and Ind.

1991 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
50	50	Greek 7pc Ass	58	.....	3.50	17.00
50	50	Do. 6pc 28 Stb. Ass	58	.....	3	16.00
50	50	Do 4pc Mixed Ass	56	.....	2	14.00
55	55	Hung. '24 Ass	55	.....	2.75	13.57
129⅞	120⅞	Hydro Quebec 15pc 2011	129⅞	.....	15.0	11.23

Continued on next page

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AMERICANS

1991 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories]	32½		$1.00	—	1.8
385	257	Allegheny & W 1c	259p	−7	30c	—	6.8
10¼	567	Amdahl 5c	808p	+3	10c	—	0.7
42½	25	Amer. Cyanamid $5	39⅝	+½	$1.50	—	2.2
17⅞	9	Amer. Express 60c	15	−¼	92c	—	3.6
24½	15¼	American T. & T $1	22½	−⅛	$1.32	—	3.4
38⅞	32½	Ameritech $1	36¾	−¼	$3.40	—	5.5
26	12	BankAmerica $1⅞	26	+⅛	$1.20	—	2.7
35⅝	20	Bankers N.Y. $1	35½	+½	$1.52	—	8.2
30	24¼	Bell Atlantic $1	29⅜	−⅛	$2.52	—	5.1
31¼	25	BellSouth Corp	28⅞	−⅛	$2.76	—	5.6
11¼	6	Bethlehem Steel $8	10⅝	−¼	40c	—	2.2
1239p	1046p	Bowater Inc	1593p	+12	$1.20	—	4.5
54⅞	37	CPC Intnl 25c	54⅜	+⅛	$2.00	—	2.2
930p	420p	California Engy	930p	+6	—	—	—
50	28¼	Campbell Soup 15c	49½	+⅛	$1.16	—	1.4
12¼	5	Chase Manhattan $12½	12¼	−⅛	$1.20	—	5.9
9	5	Chrysler $6¼	7	−⅛	60c	—	4.8
10	5⅞	Citicorp $1	8⅝	−¼	$1.00	—	6.9
25	21	Colgate-Palmolive $1	24½	+⅛	$1.06	—	2.6
928p	438p	Cont'l Bank Corp $4	778p	−20	$1.00	—	7.6
21½	13	Dana Corp $1	17½	−⅛	$1.60	—	5.3
1166p	203p	Data General	1156p	−12	—	—	—
22½	12⅞	Dial Crop. $1.5	21½	+¼	$1.40	—	3.8
29⅞	20⅛	Dun & Bradstreet $1	26½		$2.16	—	4.8
40	24¼	Eaton Corpn. 50c	38	−⅛	$2.20	—	—
8½	5½	Echlin Inc.	7	+⅛	70c	—	5.3
20¼	14	FPL Group 1c	19	+⅛	$2.40	—	7.3
30	17	Fluor Corp 62½c	26¼	+⅜	32c	—	0.7
23¼	13	Ford Motor $1	18⅜	+⅛	$1.60	—	3.2
46	26	Gen. Elect. 63c	44½	+¼	$2.04	—	2.7

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LONDON SHARE SERVICE

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LEISURE

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
708	155	Airtours 10p	619	.....	†8.25	2.9	1.8	19.4
•109	71½	♦Allied Leis. 5p	109	+1	F4.75	3.5	5.8	7.7
246	140	Anglia TV	161	.....	9.26	2.4	7.7	7.4
31	14	Aspen 1p	23xd	.....	1.5	1.1	8.7	(14.2)
9	4½	♦BCE Hldgs 5p	5½	.....	–	–	–	–
178	123	Barr & W.A.T. 'A'	164	.....	9.75	1.6	8.1	10.4
740	425	Boosey & Hawkes	740	.....	16.4	2.7	3.0	14.8
55	24	♦Border T.V.	53½	.....	2.1	♦	5.4	♦
68	17	Brent Walker 10p	18	−2	5.0	–	–	–
28	4	Do bec Cv Cm Rd Pf £1	6	−1	–	–	–	–
55	13	Buckingham Int'l. 10p	24	.....	±2.1	1.8	‡	5.6
350	183	Campari Int. 20p	346	.....	†11.0	2.9	4.2	9.5
210	134	Capital Radio 2½p	205	.....	5.25	2.9	3.4	13.5
518	350	Carlton Cmtns 5p	504	+5	†14.1	2.4	3.7	14.1
82	61	Do. 6.5p Prf 5p	79	−1	6.5	–	11.0	–
253	168	♦Castle Comms. 5p	218	.....	8.5	1.7	5.2	14.6
900	480	Central ITV	895	.....	28.5	1.4	4.2	21.9
161	120	Chiltern Radio 10p	161	.....	†4.8	2.6	4.0	12.4
89	39	Chrysalis	76	.....	±2.0	–	‡	–
69	27	Cityvision 5p	38	.....	1.0	7.0	3.6	5.0
6	3	Classic Th Grds Ir0.20	3½	−½	–	–	–	–
248	225	Eurocamp 5p	243	.....	R8.5	2.5	4.7	11.7
1405	908	Euro Disney Fr10	1398	−5	–	–	–	–
30	5	European Leis. Ir25p	14	+1	1.7	2.2	16.2	2.3
•44	21½	Ex Lands 10p	31	.....	–	–	–	–
47	15	♦Expedier 20p	16	.....	1.0	2.7	8.6	4.2
563	405	Fairline Boats 10p	478	+10	21.0	4.1	5.9	5.6
276	188	First Leisure	265	.....	†5.05	2.6	2.6	18.2
253	195	♦GWR Group 20p	247xd	.....	†6.0	3.2	‡	12.9
75	57	Grampian TVA 10p	67	.....	4.1	♦	8.2	♦
8	4	♦Greenwich Comm. 1p	4	.....	–	–	–	–
63	33	HTV Ord	43	.....	3.75	1.2	11.6	9.9
164	55	Hi-Tec Sports	162	.....	5.0	2.9	4.1	11.0
4½	1½	♦Int'l Media Cons. 1p	1¾	.....	–	–	–	–
64	30	♦Intl. Resort Hldgs	40	.....	±3.2	2.5	‡	3.4
92	49	♦Invicta Sound 10p	91	+1	1.0	4.2	1.5	28.6
•47	27½	Kunick 10p	32½	.....	2.0	2.2	8.2	7.8
88	53	Do. 8¼pc Pf. 5p	70xd	+1	8.25	–	15.7	–
110	80	LWT Hldgs 1925p PfdSp	108	−1	†3.94	–	4.9	–
335	262	Manchester Utd 10p	279	+2	–	–	–	–
353	129	Maritng Dens. 50p	155	.....	5.0	–	4.3	–
			176	.....	5.0	3.0	3.8	11.9

WATER

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
383	331	Anglian £1	372	...	17.5	2.2	6.3	(8.1)
170	135	East Surrey 10p	178	..	8.0	2.7	6.3	(5.4)
178	155	Mid Kent Hldgs £1	171	....	a8.0	2.8	6.2	6.5
387	322	North West £1	365	.....	18.0	♦2.5	6.6	(6.7)
406	327	Northumbrian £1	359	−1	18.6	2.9	6.9	5.5
370	300	Severn Trent £1	331	−2	17.55	3.0	7.1	5.2
397	293	Southern £1	338	−4	17.7	2.5	7.0	(6.3)
392	308	South West £1	345	−1	20.0	♦2.7	7.7	(5.3)
394	323	Thames £1	364	−1	17.5	2.2	6.4	(7.9)
422	341	Welsh £1	366	...	19.5	3.4	7.1	4.5
456	325	Wessex £1	373	....	17.7	2.7	6.5	(6.4)
401	336	Yorkshire £1	384	+1	17.7	2.5	6.1	(7.4)

OIL AND GAS

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
18	12	♦Aberdeen Pet 10p	15	....	–	–	–	15.3
49	19	Alliance Res. 10p	20	...	–	–	–	–
8½	3½	♦AmBrit Intl.	4½	....	–	–	–	♦
40	23	Aran Engy 20p	27	....	–	–	–	–
3½	3¼	♦Arrow Pet. 10c	3¼	....	–	–	–	–
7¼	2½	♦Atlantic Res Ir£.05	3	+¼	–	–	–	–
16	7½	Aviva Petroleum	10	....	–	–	–	–
25½	13	♦Blackland Oil 10p	16	....	–	–	–	–
12	7	Blyssan Group 1p	7	....	–	–	–	18.7
757	589	♦Bow Valley	695	−5	Q40c	–	3.4	–
156	104	♦Brabant £1	104	....	–	–	–	–
31	21	♦Bridge Oil	26	....	–	–	–	–
235	185	Brit. Borneo 10p	215	.....	♦a7.1	2.9	4.4	9.2
277	216	British Gas	269½	−1	12.5	2.3	6.2	9.5
361	295	Brit. Petroleum	352½	+3	†16.05	1.7	6.2	12.7
4½	1½	♦Bula Res Ir25p	1½	−¼	–	–	–	–

... special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Craig & Rose £1	640	......
Finlay Pkg. 5p	19	......
Holt (Jos) 25p	1975	−3

IRISH

Stock	Price	+ or −
Cap. 8½% Ln. 2010	£94⅞	+⅛
9pc Cap Ln. 1996	£98¾	......
Fin. 13% 97/02	£112½	......
Arnotts	175	......
Helton Hldgs	45	+2
IRG	138	......
United Drug	175	+4

TRADITIONAL OPTIONS
3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	38
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	88
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	88
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	68
Vickers	19
Wellcome	40

Property	p
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils	p
Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines	p
Lonrho	21
RTZ	48

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FINANCIAL TIMES
Weekend August 31/September 1 1991

Labour calls for rate cut and outlines plan to end recession

By James Buxton and Alison Smith

A FRESH offensive against the government's economic policy was launched yesterday by Mr Neil Kinnock, the Labour leader, who warned that a fourth Conservative election victory would herald a third recession.

He called for an immediate one percentage point cut in interest rates and outlined a five-point plan aimed at ending recession which would be implemented without delay by a Labour government.

A rate cut was essential to ease the burden on companies and households, Mr Kinnock said, and was feasible because British rates were still 2 points above those of Germany and France.

Ministers said Labour had "published the wrong proposals at the wrong time" and produced a compilation of critical comment from City analysts and others on the party's economic plans.

Page 4
■ Labour attacks council tax plan
■ Tories face by-election test
■ Alick Buchanan-Smith obituary

Mr John Maples, a junior treasury minister, said Labour's calls for interest rate cuts regardless of sterling's position in the exchange rate mechanism meant that Labour had "neither credibility on inflation nor a credible commitment to the ERM".

Speaking in Edinburgh after a meeting of the economic sub-committee of the shadow cabinet, Mr Kinnock acknowledged that an upturn in output was possible for next year, but noted that forecasters said it would be accompanied by rising unemployment, falling investment and continuing high level of bankruptcies and bad debts. "The prospects, in other words, are for a process that will be shallow, short-lived and scarcely worthy of the name 'recovery'."

Even if, as the government claimed, higher consumer spending led Britain out of recession, the result would be "rising imports, increased foreign borrowing, rising inflation – and a further recession".

Flanked by Mr John Smith, shadow chancellor, Mr Gordon Brown, shadow trade secretary, and Mr Tony Blair, shadow employment secretary, Mr Kinnock said a Labour government would introduce first-year capital allowances for companies investing in new equipment, innovation and design.

"We know this approach will work, both from our discussions with industrial managers and from the experience gained when investment plans were brought forward after Nigel Lawson gave two years notice of his policy of ending investment allowances," he said.

Mr Smith said councils would be allowed to make a phased release of capital receipts from council house sales to stimulate house building and repair. This, he said, would have a powerful employment effect and would boost the construction industry.

Polish PM offers resignation of government

By Christopher Bobinski in Warsaw

POLAND was thrown into political turmoil yesterday after Mr Jan Krzysztof Bielecki, the prime minister, offered his government's resignation.

The move followed sharp disagreements with the Sejm, or parliament, about tackling the budget crisis.

The resignation, which the Sejm will confirm or reject today, could produce a political vacuum until the country's first free parliamentary elections in October.

Mr Bielecki, a staunch defender of the market economy, stunned parliament with his resignation speech, in which he accused the lower house of hampering his government's ability "to react quickly to mounting threats".

The crisis was precipitated on Thursday when a group of former communists in the Sejm demanded the government be dismissed, but then asked Mr Bielecki to play a caretaker role until the elections.

"I refuse to be the subject of a surrealistic game, to be a mere figurehead for a couple of months," Mr Bielecki said.

The immediate cause of the crisis is the budget. A deficit of Zl 4.306bn (£226m) was expected this year, but the government now expects this to soar to Zl 24.000bn. Planned government spending will have to be cut by 14.5 per cent in response to a 21.5 per cent fall in revenues.

The spending cuts, which the government asked parliament to accept, would have meant lower housing subsidies, family benefits, some pensions, and civil service pay.

The shortfall in income derives primarily from low payments from privatised enterprises; the recession in Poland; and the slump in exports to the Soviet Union.

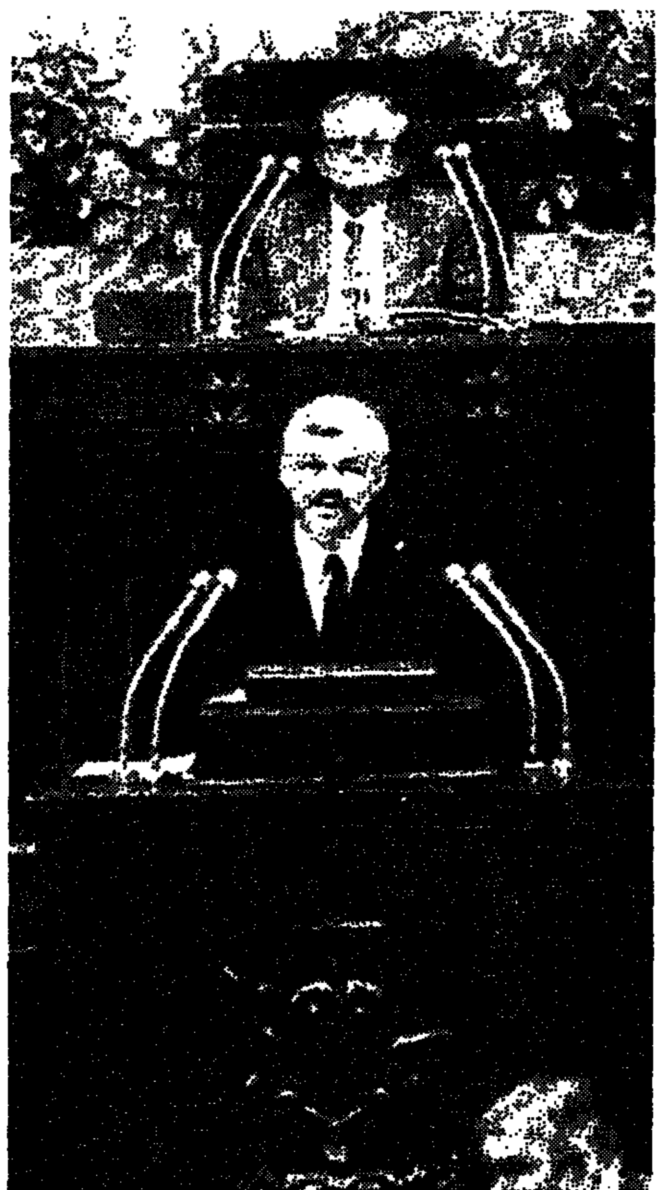
Mr Bielecki's move, decided by the government on Thursday evening, was aimed at forcing a vote of confidence from parliament, as well as special powers to run the economy until the elections.

His resignation represents the culmination of a long dispute between parliament, the government and President Lech Walesa, over who is responsible for delays in decision making.

The government has accused parliament of blocking its legislative initiatives, while parliament has argued that it is overloaded with work and is processing new legislation as fast as possible.

Mr Bielecki yesterday said Poland had made a big mistake in not dissolving parliament earlier and holding free elections last May, as proposed by Mr Walesa.

Mr Bielecki formed the government at the beginning of this year.



Political crisis: Jan Krzysztof Bielecki (centre) making his resignation speech in parliament yesterday

Singapore warned of threat to liberal policies

By Kevin Brown in Singapore

SINGAPORE will suffer racial tension and economic decline if the ruling People's Action Party fails to win at least 60 per cent of the popular vote in elections today, Mr Goh Chok Tong, the prime minister, forecast last night.

The PAP, which has ruled Singapore since 1959, won 63 per cent of the vote at the last election in 1988, and took all but one seat in the 81-seat parliament. Mr Goh, who replaced Mr Lee Kuan Yew as prime minister in November, called a snap election two weeks ago to seek a mandate for limited political liberalisation.

However, the final days of the campaign have been dominated by PAP claims that some opposition parties are exploiting ethnic and religious differences between Singapore's Chinese majority and the Indian and Malay minorities.

Mr Goh drew a grim picture in PAP's final televised party political broadcast of a return to the inter-communal rioting which scarred Singapore in the 1950s and early 1960s. He said a fall in the government vote to less than 60 per cent would end the "more open and consultative style I have introduced, because ... we will all be fighting for our lives".

The allegations have been dismissed as "a damned lie" by Mr J.B. Jayaretnam, leader of the centre-left Workers Party.

Analysts said the PAP claims were unlikely to have much impact on well-educated younger Singaporeans, but could help persuade older voters to support the government.

Mr Goh also warned that foreign investment was likely to dwindle if support for the government fell by more than 3 per cent. Support for the opposition has been rising since 1981, when the PAP won 77 per cent of the vote, but few opposition candidates have been elected because of Singapore's British-style, first-past-the-post electoral system.

Analysts say the five opposition parties have improved their prospects by nominating candidates in only 40 seats – in effect conceding in advance that the PAP will remain in government.

The strategy has worried PAP leaders, who fear that voters may respond to claims that Singapore cannot function properly without a strong parliamentary opposition.

Mr Goh has warned that a significant fall in the government vote would end the liberalisation process by weakening his position within the ruling party. The unspoken threat is that if Mr Goh fails to win public endorsement he will be replaced by Brigadier-General Lee Hsien Loong, deputy prime minister and son of Mr Lee Kuan Yew.

THE LEX COLUMN

A small matter of tax

With the BT sale approaching, the Stock Exchange has chosen a timely moment to enter the debate on wider share ownership. Its latest Quarterly looks at how different international tax regimes affect individual investors' appetite for direct holdings in shares. The aim is to provide a pointer towards fiscal changes that might satisfy the still-frustrated Tory ambition of broadening the appeal of equities. It emerges that the US has the harshest overall tax regime, thanks mainly to its blanket capital gains system; but it also traditionally boasts a high number of individual share-owners. Japan has easily the most generous environment for all classes of investor – very few punters give up more than 12 per cent of their gross returns.

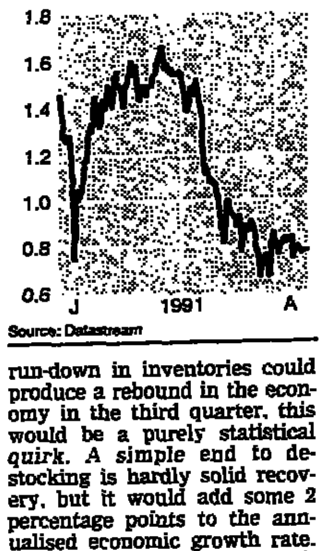
The UK is rather average. Investors who take up the full annual Personal Equity Plan allowance and have a high proportion of PEPs in their portfolios do outstandingly well compared with their equivalents abroad; but because PEPs have a relatively narrow appeal, such investors are few in number. Sid Citizen, the small punter, misses out on the full PEP benefit and is seduced away from shares by a host of friendlier products such as National Savings and TESSAs.

The problem is how to develop these findings. Japan may be fiscally kinder, but it is no nearer than the UK to attaining deeper ownership. Individuals' stake in the Japanese equity market has fallen from over 60 per cent in the 1950s to around 20 per cent. One suspects that altering the fiscal environment for individuals is merely tinkering at the edges. The overall environment is still slewed in favour of institutional share ownership – hence an apparently unstoppable worldwide trend.

FT-SE Index: 2,645.7 (+7.5)

TNT

Share price (A$)



Source: Datastream

US economy

Interpreting US economic indicators has become about as difficult as following a Soviet coup. After the euphoria sparked by the 10.7 per cent bounce in durable goods orders a week ago, came gloom with the downward revision of second-quarter GNP on Wednesday. Yesterday it was back to optimism with a 1.2 per cent jump in leading indicators and the largest monthly rise in factory orders for 20 years.

There is room for considerable exaggeration in the rosier indicators. Recovery remains patchy, concentrated in manufacturing; consumer confidence is low. Even though the large run-down in inventories could produce a rebound in the economy in the third quarter, this would be a purely statistical quirk. A simple end to destocking is hardly solid recovery, but it would add some 2 percentage points to the annualised economic growth rate. With money supply growth remaining sluggish, the balance of expectations suggests the Federal Reserve must still be tempted to ease short-term money conditions.

There are a couple of caveats, none the less. The Fed is almost certainly as confused as everyone else and will want more solid evidence, such as next Friday's labour statistics, of what is actually going on. It will also be wary of precipitating a revival of inflationary fears that would cause long-term rates to rebound. These are much more important in the US than in the UK because US companies depend more heavily on long-term bond market finance.

TNT

There were two numbers among the jumble of confusing full-year figures yesterday which summed up the squeeze on TNT. One was the operating profit of the core business, setting aside equity losses at Ansett and American West, which amounted to A$9m in the six months to June. The other was the A$84m net interest bill for the same second-half period. The key question for investors is how quickly that trend can be reversed.

TNT does not appear to be facing an immediate financial crunch – but around A$590m of its estimated A$2.5bn gross debt is due to be repaid in the middle of next year. The scope for reducing borrowings depends to a large extent on the cash flow impact of any recovery in its main businesses: an equity injection from the five joint-venture partners in Europe would also relieve the pressure. That, for the moment, appears to be in the balance. On the trading front, there are bright spots at Skypak and the freight businesses in the UK, Italy and Spain; on the debit side Australian margins are still under pressure from competition and the recession, and the costs of establishing the European express network continue to take their toll. Rival Brambles is on a premium rating – but it remains the Australian transport stock for the faint-hearted.

Tyndall/JTM

The takeover of Tyndall adds another footnote to the financial excesses of the late 1980s. Once a rather endearing fund management group which took on the City of London big guns from its west country base, the outsized company almost went under Down Under.

Ninety per cent of shareholders' funds were wiped out when its Australian insurance and fund management operation turned out to be virtually worthless.

Jupiter Tarbutt Merlin seems to have its feet on the ground for the moment, and has demonstrated over the last five years that it is not essential to be a Gartmore, M and G or Mercury to make decent profits. There is obvious merit in paying 10 times earnings with the help of shares which are on a 20 times rating, not least if the cycle is about to turn. The fit looks good too, but chasing the more remunerative institutional clients is a competitive game which will require patience.

Brent Walker

Brent Walker's admission that it finished last year with negative net worth of £56m is a startling reminder of how long it has stood perilously close to the edge. But its decision to take an additional £195m in write-downs will scarcely have come as a surprise to its bankers, who have been poring over the books for months. In that sense, it contains no threat to the rescue package. Lenders were already resigned to heavy dependence on the property market for a chance of getting their money back. To this uncertainty has been added the Serious Fraud Office inquiry, about which yesterday's announcement was disappointingly reticent.

Continental to close Canadian tyre plant

By Andrew Fisher in Hanover and Bernard Simon in Toronto

CONTINENTAL, the German tyre manufacturer, is to close its Canadian plant because of heavy losses in North America.

The group, which is holding co-operation talks with Pirelli after rejecting the Italian company's merger proposal, yesterday also announced a steep drop in its first-half pre-tax profits from DM100.5m to DM31.5m (£10.7m).

Continental said the closure of the plant at Barrie, Ontario, was necessary to reduce the losses of General Tire, the North American subsidiary which is causing it "a great deal of concern". General Tire's first-half sales fell by 3 per cent in dollars and 14 per cent in D-Mark terms.

Mr Hubertus von Grünberg, Continental's new chief executive, said further action would be necessary to end US losses. This might include another closure, but this was not certain.

Steps would also have to be taken to improve results in Europe. "These will also cause pain, but I hope we won't have to do another Barrie," Mr von Grünberg said.

Closing the Ontario plant will cost DM180m, but tax savings should reduce the net loss to less than half of this figure, said Mr Ingolf Knaup, finance director.

Because of the one-off cost of the closure, Continental will make a loss in 1991 against a net profit of DM93m in 1990, which was 59 per cent lower than the previous year.

Mr Knaup also said no dividend could be expected this year. The 1990 payment was halved to DM4 a share.

Total first-half turnover of the group rose by 13 per cent to DM4.6bn, the growth all coming from acquisitions.

Continental has raised prices for replacement tyres – roughly two-thirds of business – by 12 per cent in Europe, with a 7.5 per cent rise in the US due in October.

The Barrie plant, employing 820 people, lost DM36m last year – roughly half of General Tire's total losses. It accounts for 7 per cent of the output of General Tire, which also has four plants in the US and two in Mexico.

Yeltsin

Continued from Page 1

were arrogating to themselves the sort of powers once enjoyed by the now disgraced Communist party. "A dictatorship of democrats, specially Russian democrats, will not be installed in place of the party-bureaucratic dictatorship," he said.

The main issue during Mr Yeltsin's visit to Latvia was believed to have been the presence there of the Omon (Black Beret) Soviet special forces. So far the Omon has refused to leave, but Latvian officials predicted that the issue would be "solved this weekend".

A large Soviet armoured troop convoy was seen on the main road from Vilnius to Riga yesterday, fuelling speculation that they were on their way to remove the Omon forces from their barracks in Latvia. The Omon remains a lingering menace to the Latvian government. It has been responsible for a number of violent incidents since January and now appears to be a law unto itself.

The future shape of the Soviet Union, its institutions and political power centres radically changed by the failed coup, will be tackled on Monday by the Congress of People's Deputies, the 2,260 strong super-parliament, when it convenes in Moscow.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Asko Pref	822	+	24
Lufthansa	149	+	5.5
Sud Chemie	575	+	7
Falls			
Aachen Mch	845	−	15
Gerresheimer	445	−	8
Rheinelektra	1495	−	20
New York ($)			
Rises			
McCaw Cellular	28½	+	¾
Falls			
Coca-Cola	14¼	−	⅜
Cont'l Bank	12⅜	−	¾
Intel	49⅝	−	1⅝
Microsoft	85¼	−	½
Sun Micro	32	−	1¼
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Bancaire Cie	522	+	9
Cetelem	820	+	34
Essilor Int	348	+	19
Unibail	649	+	25
Falls			
Industrielle	4800	−	200
Radiotechn	506	−	14
Tokyo (Yen)			
Rises			
Meiji Seika	845	+	100
Nippon Yusen	589	+	53
Nittoc Cons	1500	+	120
OKK	650	+	55
Pacific Ind	586	+	46
Falls			
Katsumara Cons	1010	−	80
London (Pence)			
Rises			
Barrett (H)	67	+	12
Borland Intl	3213	+	138
Braithwaite	158	+	8
Cadbury Schw	418	+	16
Frogmore Ests	323	+	13
Kingston Oil	88	+	10
MB-Caradon	274	+	9
Norcros	159	+	13
Smith (WH) A	476	+	17
Tyndall	57	+	8
Utd Biscuits	409	+	11
Wales City Lon	125	+	10
Falls			
Brent Walker	18	−	2
Brit Aerospace	555	−	10
Gent (SR)	49	−	5
Gravewood	13	−	7
GRE	188	−	7
Mallett	114	−	12
Nat Home Loans	18	−	3
Tinsley Rober	16½	−	1½
Union Discount	230	−	24
Yorkshire TV	188	−	8

Walker

Continued from Page 1

He is equally dismissive of allegations that Brent Walker's 1990 interim results were overstated. "Those results were reviewed in a 3-hour meeting with Peats [KPMG Peat Marwick, the accountants] and with Leigh Carr."

He said this was not the first police investigation of Brent Walker. Four years ago, they examined allegations about fraud relating to the making of a television programme, 'Worlds Beyond'. "They came up with nothing," he said.

In May, Brent Walker's banks forced the company to remove him as chief executive, but he remains a non-executive director. So on Thursday he attended a board meeting, during which he tried – with limited success – to force the company's senior directors to say why they had called in the SFO. The meeting lasted from 3.30 pm to 8 pm, principally because Mr Walker insisted on getting the chairman, Lord Kindersley, to justify every line in the statement which the company put out today.

The meeting was held at the offices of the company's solicitors, Simmons and Simmons. "They've banned me from entering the head offices [in London's Soho]," he said. "They say I cause too much disruption. That's because the only time I was allowed in, the secretaries all came up to kiss me and the men came and shook my hand."

He sees himself as the only director committed to saving the company. "It's as if the rest of the board is determined to commit suicide."

WORLDWIDE WEATHER

Today: Mainly dry and sunny in all areas. By mid-afternoon, temperatures will be very warm, but cooler along the east coast. Later, cloud will increase in the south-west, with thundery showers possible in Cornwall and the Channel Islands by late evening and overnight.
Outlook: Mainly dry and bright.

		°C	°F
Ajaccio	F	27	81
Algiers	S	34	93
Amsterdam	S	22	72
Athens	F	28	82
Bahrain	S	34	93
Barcelona	F	28	82
Belfast	S	23	73
Belgrade	F	21	70
Berlin	C	19	66
Biarritz	C	25	77
Birmingham	S	22	72
Blackpool	S	23	73
Bombay	F	29	84
Bordeaux	F	25	77
Boulogne	S	23	73
Bristol	S	22	72
Brussels	S	23	73
Buenos Aires	F	22	72
Budapest	R	22	72
Cairo	S	31	88
Cape Town	F	14	57
Cardiff	S	22	72
Chicago		−	−
Cologne	S	22	72
Copenhagen	C	18	64
Corfu	F	23	73
Dallas		−	−
Dublin	S	21	70
Dubrovnik	S	28	82
Edinburgh	S	19	66
Faro	S	25	77
Florence	S	25	77
Frankfurt	S	23	73
Geneva	S	22	72
Gibraltar	S	29	84
Glasgow	S	21	70
Guernsey	S	21	70
Helsinki	S	19	66
Hong Kong	R	29	84
Innsbruck	S	13	55
Inverness	S	17	63
Isle of Man	S	19	66
Istanbul	F	22	72
Jersey	S	23	73
Johannesburg		−	−
Las Palmas	S	26	79
Leeds	S	23	73
Lisbon	F	23	73
Locarno	F	24	75
London	S	23	73
Los Angeles †	S	16	61
Luxembourg	S	22	72
Madeira	C	26	79
Madrid	F	28	82
Majorca	S	32	90
Malaga	S	30	86
Malta	S	32	90
Manchester	S	23	73
Melbourne	F	9	48
Mexico City	C	20	68
Miami †	S	26	79
Milan	S	23	73
Montreal †	F	21	70
Moscow	C	15	59
Munich	S	20	68
Nairobi	C	23	73
Naples	S	28	82
Nassau	C	32	90
Newcastle	S	21	70
New Delhi	F	30	86
New York †	S	25	77
Nice	S	27	81
Nicosia	S	27	81
Oporto	C	22	72
Oslo	F	23	73
Paris	S	25	77
Peking	F	27	81
Perth	S	16	61
Prague	S	20	68
Reykjavik	C	10	50
Rhodes	S	28	82
Rio de Janeiro	C	29	84
Rome	S	28	82
Salzburg	S	20	68
S'Francisco †	S	16	61
Santiago	C	18	64
Seoul	S	29	84
Singapore	C	25	77
Stockholm	F	21	70
Strasbourg	S	23	73
Sydney	S	18	64
Tangier	F	26	79
Tel Aviv	F	29	84
Tenerife	F	26	79
Tokyo	F	29	84
Toronto †	S	23	73
Tunis	S	31	88
Valencia	F	29	84
Venice	S	24	75
Vienna	S	20	68
Warsaw	R	20	68
Washington †	S	26	79
Wellington	F	14	57
Zurich	S	22	72

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

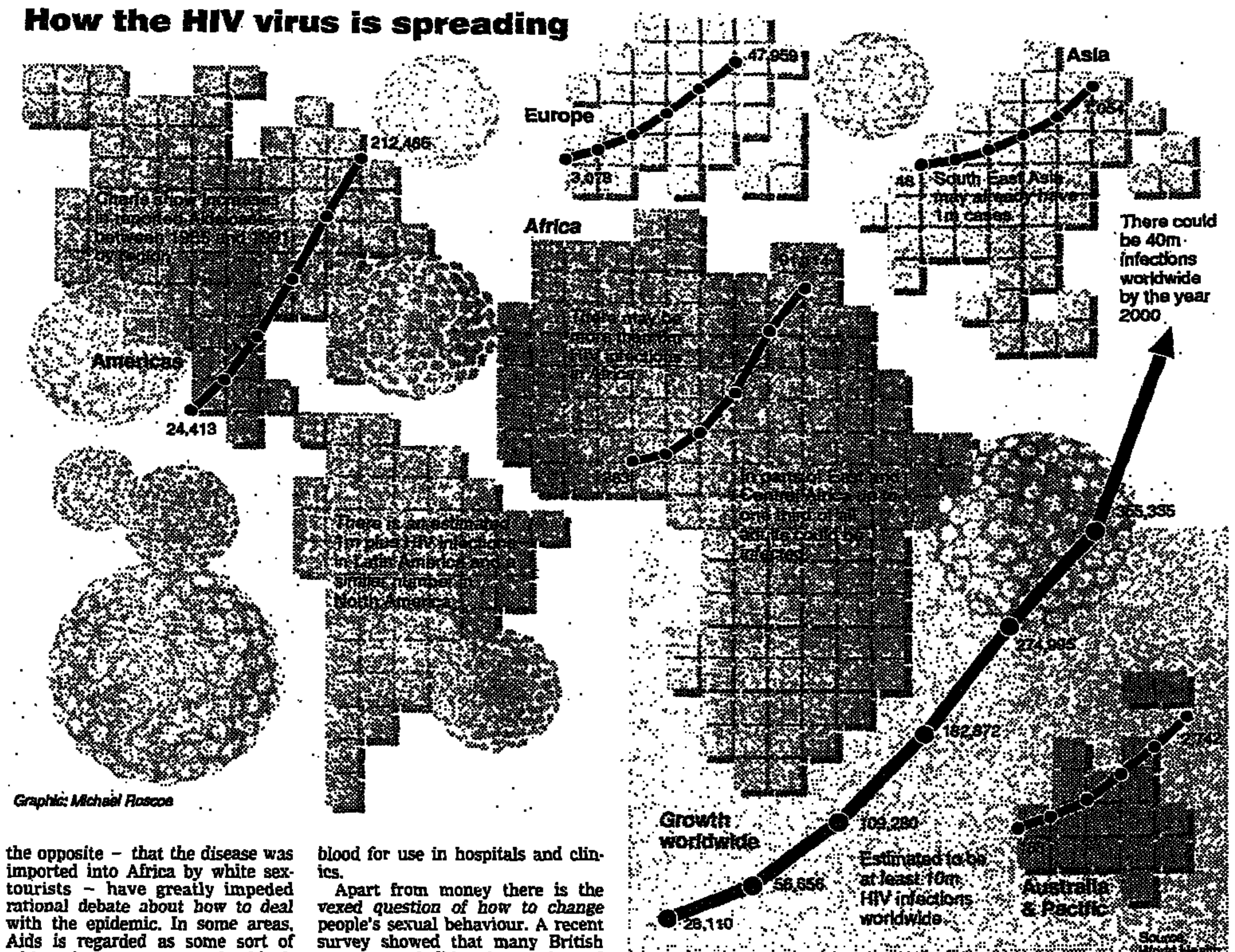
Weekend FT

SECTION II

Weekend August 31/September 1 1991

Aids: standing up to the Doomsday virus

How the HIV virus is spreading



Graphic: Michael Roscoe

Aids continues to pose frightening problems. Science may not be able to stop the disease but individuals can, argues ***Rex Winsbury***

IT IS hard to believe that Aids and its twin viruses HIV-1 and HIV-2 have been with us for only 10 years. In a decade they have become what is probably the worst epidemic to afflict humanity since the Black Death.

Caring for those with Aids or infected with HIV will cost about $5.8bn (£3.45bn) this year in the US alone. Virginia Bottomley, Britain's minister of state for health, says that in the last six years Britain has spent about £620m fighting the epidemic.

Quite simply, Aids has become the biggest medical show in town. This may sound distasteful to those who find the subject too mind-numbing even to contemplate a change in their free-wheeling sexual behaviour, but the huge sums devoted to the Aids business recently drove one respected academic journal, *Nature*, to describe this year's annual international conference on Aids as a "carnival".

Some 8,000 delegates crammed into Florence at the height of the tourist season to hear who was achieving what in research. The turnout was modest compared with the 12,000 who turned up for the previous year's conference in San Francisco. With its sideshows and sales booths, demonstrations and flag waving, the annual Aids conference has become a cross between a US political convention and a soap company sales trip, say its critics. *Nature* magazine said that "only bad temper multiplies at these conferences", and that they should be re-evaluated.

The US government sent 300 delegates to Florence at a cost of well over $1m. But for all the razzmatazz, and the $1.9bn that the US public health services are throwing at the problem this year, mankind still does not have a cure or prophylactic for Aids. Only one drug, AZT (zidovudine), is licensed for its treatment, and that can cause nasty side effects.

A recent article about Derek Jarman, the homosexual UK film-maker, remarked that Jarman had the "terrible dark red colour that seems to be associated with AZT". Some people cannot tolerate AZT at all. It is expensive: in Britain, a year's treatment at the recommended dose (500 to 600 milligrams a day) costs about £2,000 at Wellcome's price, and Wellcome's price is 87.5 per cent of the retail price. The group's worldwide sales of AZT last year were about £170m.

Two other drugs, ddI (made by Bristol Myers Squibb), and ddC (Hoffman La Roche), show promise and are under test in the US. Wellcome's patent rights to AZT are the subject of legal action in the US between the company, the National Institutes of Health and Barr Laboratories, which claims that it can supply the drug at lower cost.

The most agonising decision facing the regulators concerns when to license the use of new anti-Aids drugs. Under the weight of great social, political and medical pressures it is little wonder that Dr Ellen Cooper, director of the anti-viral division of the US Food and Drug Administration, resigned recently, citing overwork.

How successful is the fight against Aids? There are two common points of view.

The first is predominantly gloomy. After hopes of a swift breakthrough, scientists have settled down to a hard slog to find perhaps only partial solutions. In the meantime, some Aids budgets are being cut (as in Germany) while others, such as the $100m budget of the Global Programme on Aids, operated by the World Health Organisation, are being under-funded by member nations. Britain is the third largest donor to the programme, after the US and Sweden, but it is giving only £4.7m this year, hardly a princely sum.

The other view is only slightly more sanguine, and holds that research into Aids has made more progress in a decade than research into any other major disease over a comparable period. More than 35,000 medical articles have been published so far about Aids research. Dr Jorg Eichberg of the Southwest Biomedical Research Centre in Texas, once a pessimist, says: "I'd almost stick my neck out that we will have a vaccine this decade".

At the social level, key segments of the population in the developed countries are modifying their behaviour. With a combination of safer sex and better drugs these countries are thought likely to contain the disease – subject to occasional outbreaks. Forecasts for its spread have been lowered in the UK and the US.

The pessimistic part of this scenario holds that Aids may be relegated to the status of "just another Third World problem", alongside famine, drought, malaria and other afflictions. This is a cynical view, but one which reflects the realities of international aid where "donor fatigue" has become common and funds are diverted to eastern Europe rather than to Africa.

Furthermore, the costs of treatment for Aids – at present about $85,000 a year for each victim in the US, according to Dr Fred Hellinger of the US Center for Health Services Research – are far beyond the reach of any Third World health budget.

As far as they can be relied on, the statistics are daunting. Some 366,000 cases of full-blown Aids have been reported to the World Health Organisation (Who) of which 175,000 have been in the US. Britain has reported about 4,850 cases, which have led to more than 2,800 deaths.

But these figures understate the picture. For one thing, they leave out all those with Arc (the so-called Aids related complex) and those who are infected with HIV but who have yet to develop the exterior symptoms of Aids – a process that may take 10 years or more but has a grim inevitability about it. In the US, the mean survival time from Aids diagnosis is 18-19 months, though that is increasing as treatment improves. Many African countries at first refused to acknowledge that Aids existed, in some cases for fear of its effect on tourism. In spite of a new openness, they simply do not know the extent of the problem: their meagre resources are too stretched even to monitor the disease, let alone combat it. The health budget of many African countries is less than $5 per head per year.

The best guess of the chief statistician in these matters, Dr James Chinn of the Who, is that Africa may have up to 6m cases of HIV infection, out of a world total of 8m-10m. By 2000, he says, there may be 40m infections world-wide. Even these guesses could be far off the mark if the disease takes hold in Asia, which has been described by Jim McDermott, US congressman and a medical expert, as the "sleeping giant" of the Aids pandemic. Japan has so far reported a mere 374 cases of Aids.

Africa has an ambivalent attitude towards the disease. It deeply resents having been labelled by some western scientists as the birthplace of Aids. This resentment, and consequent attempts to prove the opposite – that the disease was imported into Africa by white sex-tourists – have greatly impeded rational debate about how to deal with the epidemic. In some areas, Aids is regarded as some sort of white plot to suppress the black population.

At the same time, Africa has reacted with typical humour by developing a plain man's language to describe the epidemic. In Uganda, Aids is known graphically as "Slim". In Tanzania, a condom is a "sock" and contracting HIV is referred to in polite parlance as "stepping on a live wire". One African newspaper editor told me, only half jokingly, that Aids were the right initials for Africa's worst problem, but the wrong words: Aids really stood for "Acquired Investments Deposited in Switzerland".

The UK's Overseas Development Administration has given £7.6m to Aids research and activity in Africa and elsewhere. The EC is spending the equivalent of £27m over four years in the Third World, supporting, for example, programmes to ensure safe (ie, uncontaminated) blood for use in hospitals and clinics.

Apart from money there is the vexed question of how to change people's sexual behaviour. A recent survey showed that many British women on holiday in continental Europe still had sex with men they had met perhaps only hours before. Yet awareness of Aids must be near-total in the UK.

Experience in Africa shows even more clearly that awareness of Aids does not necessarily lead to changed behaviour. A letter in the *British Medical Journal* spoke of members of Ministry of Health teams in one African country, sent to educate local people about Aids, themselves repairing to local bars and bar-girls when the sessions were over. Sexual activity goes to the heart of an African male's definition of himself and condoms, even now, are not that easy to get. On the other hand, girls, in times and areas of war, famine and deprivation, are.

For large parts of Africa, Aids may be a doomsday machine with profound social effects. It may wipe out the gains made in the last few decades in decreasing infant mortality. It will cause a sharp reduction in the population growth rate, perhaps even leading to a fall. It may affect farming and cattle-grazing patterns. It may wipe out men in their productive and physically active years and divert women from farming to nursing at home. There may be millions of Aids orphans and babies born with HIV. Health care, fragile at best, is swamped when 40-50 per cent of cases admitted to hospitals are HIV-related.

Just as Aids raises questions about equality between nations, so it raises issues about equality between individuals. In Britain, haemophiliacs infected with HIV in early blood transfusions have at last won compensation – a total of £76m. But it took a long fight to get it. In the US, HIV sufferers are still barred under visa regulations from entering the country, unlike sufferers from other diseases; if admitted, they have a non-confidential code stamped in their passports – all this despite the fact that the US can be said to be an exporter rather than an importer of Aids.

In the UK there is still a fear that a "Yes" answer to the question put to applicants for life assurance – "Have you ever been tested for HIV?" – could lead to the application being refused, even if the test was negative. There is a danger that the possibility of being refused insurance (and/or an associated mortgage) will deter people from being tested for HIV, which is otherwise a socially responsible thing to do.

These practical and moral issues also intertwine in matters of access to credit, rights to housing and screening of job applicants. Some also say that patients should have compulsory HIV tests before all surgical operations, to protect medical staff and to provide better statistics. But the Royal College of Surgeons maintains that, with 3.3m operations a year, tests are impractical. Others say that tests would breach the rights of the individual.

The answers to Aids may lie not with governments or with scientists, but with individuals. As professor Roy Anderson of Imperial College said at the 1990 World Aids Day Conference in London when discussing the raw Aids statistics: "The central message generated by these numerical studies is the need to induce behavioural changes urgently. Perhaps the most vital area of research is investigation into which types of education . . . have the greatest impact in changing behaviour".

By their behaviour, it is the people who will decide whether Aids is contained and tamed, or allowed to run its destructive path.

■ *Rex Winsbury is editor/publisher of Aids Analysis Africa.*

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The Long View/**Barry Riley**

When banks go for broke

FIVE SHORT years ago the City of London was gripped by the drama of Big Bang, the Stock Exchange revolution. In late summer securities traders gave up their weekends to test out the radically new stock market systems, although the new market did not finally open until Monday October 1986. It was a time of great excitement. But what will the financial historians make of it?

Huge sums were invested in Big Bang. Several billion pounds were pumped by the world's banks, first in the purchase of the goodwill of London securities firms, then in their recapitalisation after partners' assets were stripped out, and finally their re-equipment with the latest technology. It was time when rational analysis largely went out of the window. For instance, £3m was spent on upgrading the Stock Exchange's trading floor, but after October 27 the floor almost completely emptied; the £3m had been a kind of insurance premium paid by firms which were not certain how the market would develop, and indeed it was a trivial sum compared to the total cost of Big Bang.

Later there came an unexpected extra cost in the shape of the huge trading losses suffered by London member firms, especially in the wake of the 1987 stock market crash, which came almost exactly a year after Big Bang.

Recently the producers of a Channel 4 TV programme on Big Bang calculated that the overall cost of the exercise has been some £4bn (perhaps the words "so far" should be added). It has not been a vast sum in the context of other global banking blunders such as Third World lending, and the Big Four UK clearing banks have written off £4bn or so in bad debts from conventional lending in the past 12 months alone. But it is worth pondering why such an immense collective misjudgement should have been made.

Essentially it was the "chance of a lifetime" aspect that lured the international banks. A window was being opened that had been shut since the early years of the century, when single capacity and the fixed minimum commissions scale had been introduced. London securities firms were seen as highly profitable and likely to become still more so as global trading developed. The number of sizeable London firms available to be purchased was significantly smaller than the number of banks around the globe which wanted to break into the securities markets. Something of a scramble developed.

But the big banks neglected three crucial factors. The first was that the high profitability of London securities firms had depended on a commissions cartel. That disappeared at Big Bang, when the average commission on an equity bargain halved to 0.2 per cent.

Secondly, London firms had protected themselves against the volatility of profits (which though on average high, could disappear in the occasional bad year) by imposing extreme levels of profit-linking when it came to paying their employees (and still more so their partners). This was alien to the salary-earning culture of banks, so the base level of remuneration shot up.

Thirdly, the international banks brought a grandiose style of accommodation to their London stock market offshoots. Old-style stockbroking firms had existed in shabby buildings in back streets (albeit with smart luncheon rooms and well-stocked cellars). Under new ownership they often moved into splendid office palaces. Basic overheads took another quantum leap.

Five years ago blind optimism ruled; indeed, for a year after Big Bang the market surged, turnover soared and the impossible dream seemed possible (subject to the ability of the systems to handle the volume). But the injection of so much capital into a limited business sector was bound to prove painful. To begin with, there was an acute shortage of competent management. Before Big Bang, after all, the response to any profits squeeze was a delegation of senior partners seeking a rise in minimum commissions. Since Big Bang, competition has posed all sorts of awkward and often unanswerable questions.

Beneath the shelter of the commissions umbrella it made sense to bundle all kinds of services with simple execution of bargains. Large tonnages of research were poured into clients' offices. Both institutional and private clients were serviced, with little concern about the degree of cross-subsidy.

The traditional private client was always likely to be the biggest victim of Big Bang, and so it has proved. Private client business has polarised into "execution only" on the one hand and investment management on the other. The biggest firms have pulled out of this sector, to focus on their other major conflict, the tug between their corporate clients and their institutional clients. The quality of investment research has suffered, and when the conflict becomes too great – in the middle of a takeover bid battle, for example – the brokers' analysts simply cease to service their investment clients and act only as corporate advisers.

Traditional stockbroking consisted of a variety of businesses glued together rather artificially by fixed commissions and associated cross-subsidies. In the context of free competition value has devolved to the big investment institutions: today, for example, Warburg's separately-quoted investment subsidiary, Mercury Asset Management, is worth more on the stock market than the rest of the group, which includes London's top-rated securities firm.

As for the banks, too many were fascinated by the glamour and prestige of top broking houses. They were captivated by the "front office" trading activities, in spite of the corrupting influence they can have on a banking culture. They failed to spot the potential in less glamorous "back office" areas such as settlement and custody even though these by nature are mainstream commercial banking activities and indeed are in the process of being unbundled from the broking business.

The moral for the banks must be, never make a decision when you are up against a deadline, if you can help it. All the same, if the brokers sold themselves far too dearly, perhaps it only goes to show that they were good at their job, especially when they were acting on their own account.

FINANCE AND THE FAMILY

London Markets

Putting the Old Lady into play

CRITICS OF the Bank of England *will have* been intrigued to notice that shares in the Swiss National Bank, Switzerland's central bank, rose *strongly on the Zurich stock* market on Friday, and nobody quite knew why.

For a normal company, such an unexplained run-up in price *is often the prelude to a hostile* takeover bid. And if the Swiss National Bank is vulnerable, why not the Bank of England?

After all, the usual argu*ments with which predators* justify a bid – uncertainty over the future of the target's management, an underexploited franchise, a poor record in its core business – are just as relevant to the Bank.

Alas, like Switzerland's central bank, the *Old Lady* of Threadneedle Street is not a normal company. It is safe to say, however, that if, in some unimaginable future, a bid ever came about the predator would be able to make hay with the Bank's involvement *in keeping* Brent Walker afloat. In October last year, and again this spring, the Bank's good offices have been employed to keep Brent Walker's bankers talking rather than abandoning ship.

This week came two *announcements that call that* decision into question. The company's new management said it had called in the Serious Fraud Office to investigate "significant evidence" of appar*ent fraud; and it* restated profits and assets. The second announcement underlines just how fast Brent Walker's shareholders' funds have shrunk: from an unaudited figure of £1.02bn in mid-July 1990, to £139m at the end of December 1990 in the unaudited figures produced in May, to a December 1990 deficit of £56m in Friday's announcement.

Immediately after Wednesday's SFO announcement, the shares dropped 16 per cent, but *rallied later* and closed the day at 20½p, a fall of 1p. On Friday, as the company announced its revised figures and plans to sell off everything except its pub and betting assets, the shares fell 2p, to close the day at 18p, a drop of 3¼p on the week.

Brent Walker's vanishing shareholders' funds are another example of the rapid destruction of wealth in recent *corporate crashes* – Polly Peck, for example, was valued at £2bn a few months before the company's demise. Corporate disasters of this sort are not fully reflected in the most widely watched stock market index, the FT-SE, which drops *companies* when their market capitalisation shrinks. They are, however, reflected in *investors' portfolios*, and have contributed to an underlying sense of jitteriness, partly suppressed by the rally earlier in the year, but liable to break out at any moment, as on the news of the Moscow coup.

Still, this week at least there were no jitters in evidence. In the late-August sunshine, the City was still sparsely populated, both with people and with stock. *Brisk buying* when the coup failed the previous week had left marketmakers short of inventory as the end of the account approached. The shortage of stock, and the absence of buyers, helped keep the FTSE close to its new high *of 2640.7*, reached the preceding Friday. By the close of business yesterday, indeed, that mark had been surpassed, as the FT-SE closed at 2645.7, a gain of 5 points on the week.

Contributing to the market's recovered poise was renewed faith that economic recovery might soon be visible. Those who keep an eye on the US were pleased to such evidence *there on Friday, with the big*gest monthly rise in American factory orders for 20 years.

Confidence that the UK will in time follow the same route was bolstered this week by an OECD report, which projected "a modest recovery starting in the *second half of 1991*". The OECD's figures show a 2 per cent decline in GDP in the first half of 1991, a 0.3 per cent rise in the current six months, and *a 1.6 per cent rise* in 1992.

The stock market will be watching to see if next week's *flood of results due are accom*panied, at last, by optimistic trading statements. There was little help from this week's crop: W.H. Smith, reporting a 3 *per cent rise in full-year prof*its, said it had detected no signs yet of a recovery; Alfred McAlpine, with *interim profits* down 86 per cent, said the construction industry was still in the middle of a severe recession – a judgment borne out *by the relative performance of* the industry's price/earnings ratio, as shown in the chart.

Only Williams Holdings, reporting a 26 per cent rise in interim profits, was more optimistic: Nigel Rudd, chairman, said he had thought in March that the bottom of the recession had been touched, and had seen nothing since then to revise his view.

Any predator stalking the Bank of England would argue that it is partly responsible for the woes affecting British industry, through its involvement in monetary and exchange rate policy in the late *1980s. If the Bank is partly* responsible for the weakness of the corporate sector's balance sheets, it can none the less claim some credit for the smoothness of the operation to repair them. The Bank no longer supervises a queue of *rights issues, but it does help* companies to time their calls on shareholders so that they do not clash with other offerings in the same industry.

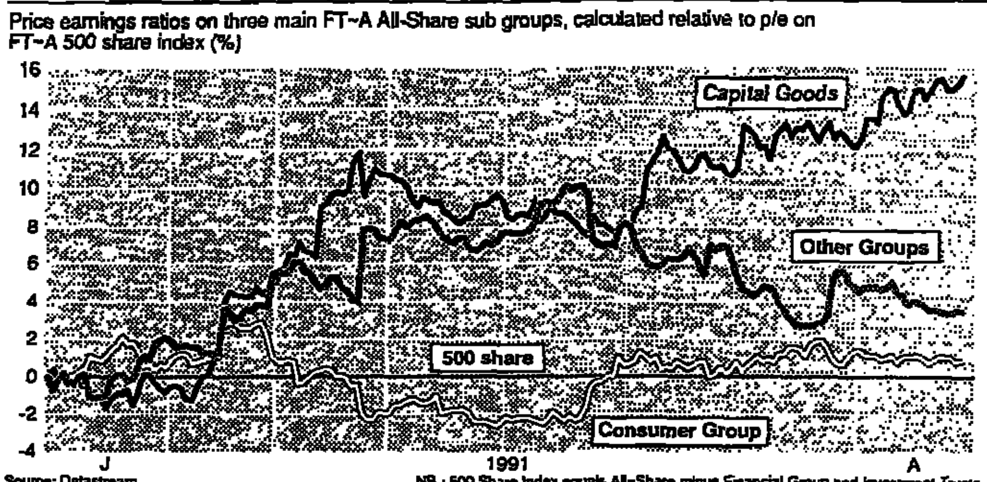
That process has run like clockwork, and so far this year some £7.7bn has been raised from rights issues. The figure is now well past the previous annual record, set in 1987, of nearly £7bn, helped on its way this week by the £464m raised *by Ladbroke, the betting* and hotel group.

Ladbroke's debt had caused a certain amount of concern in the City; as a result of the rights issue, gearing will be reduced from 61 per cent to 35 per cent. The stock market had been well prepared for the rights issue, and the shares closed on Friday at 275, up 5p on the week. A further flood of rights issues is expected over the next few weeks; it remains to be seen how long the market will retain its enthusiasm for new paper.

Peter Martin

How multiples vary

Price earnings ratios on three main FT–A All-Share sub groups, calculated relative to p/e on FT–A 500 share index (%)



Source: Datastream

NB : 500 Share Index equals All–Share minus Financial Group and Investment Trusts

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2645.7	+5.0	2645.7	2054.8	Economic confidence
Blenheim	1010	+42	1010	570	Anticipation of share split
Brent Walker	18	-3½	88	17	Company calls in fraud squad
Cadbury Schweppes	418	+32	422	314	Rumours of £5 a share bid
Douglas (RM)	563	+102	563	295	Receives bid approach
General Accident	553	+18	583	448	Kleinwort 'buy' recommendation
Greenalls	365	+13	369	274	County NatWest recommendation
Ladbroke	285	+15	307	197	Rights issue anticipated
Leigh Interests	322	+22	351	277	Underperformance noted
Smith (WH) A	476	+20	477	301	Good figures
Trafalgar House	253	+10	261	169	'Buy' recommendation
Warburg (SG)	509	+21	509	314	Hoped-for upturn in corp business
Wales City Lon	125	+17	173	101	Figures & property deals
Wimpey (G)	174	-8	229	164	Interims Wed/broker switch rec.
Yorkshire TV	188	-19½	312	188	WH Smith likely to sell stake

Serious Money

Hand Royal Bank and NatWest their cards!

By John Authers

PLASTIC HAS never been so expensive.

The announcements by National Westminster Bank and *the Royal Bank* of Scotland this week that they will charge annual fees for credit cards may signal the end of the era of credit-driven con*spicuous consumption.*

Unfortunately, they might also signal the end of free banking as we have known it, as more banks feel obliged to take a narrow view of product profitability.

In many ways it is encourag*ing that banks can no longer* make profits on credit cards. They are less profitable because more and more consumers have got the message that credit cards are only good value if you do not use them to borrow.

This week's *announcements* have attracted the most attention, but several significant institutions have introduced charges since Midland announced its charge in March. These include the Halifax building society and the *Bank of Scotland.*

Officials explaining NatWest's decision said that the bank had not made a profit on its card business for at least three years. Un-coincidentally, the proportion of customers paying their balances *promptly, and thus not paying* any interest, has increased over the same period from about 25 per cent to 50 per cent.

The Royal Bank's experience has been almost identical, confirming the trend – 46 per cent of its *customers* regularly pay promptly, while barely a quarter did three years ago. Again, it is three years since the bank made a profit on its card business, *although it hopes the* charge will allow it at least to break even.

NatWest also admitted that it had made mistakes in the earlier marketing of cards. For example, the proliferation of "points" schemes, rather like *Green Shield Stamps, allowing* you to save towards different free gifts depending on how much credit you had taken out, seems to have done little to woo customers. These schemes also seem to be relics of an unfortunate bout of spending.

But charges on credit cards are not only a symptom of the nation's return to health after the spending fever of the mid-1980s. They also signal the end of an approach to banking as an overall package of services for each customer, to be replaced by a series of discrete products, each of which must pay its way.

The Royal Bank of Scotland's charge, which discriminates against the prudent and favours the more profligate debtors, is evidence of this.

> *'It is encouraging that banks can no longer make profits on credit cards'*

Customers are unlikely to be bowled over by the generosity of the RBS's offer not to charge *a £10 fee to customers* who pay £60 per year in interest.

The Royal Bank parries suggestions that it discourages customers from staying in the black by pointing out that it has a Switch payment card, which people can use (in rather fewer outlets than will accept Access or Visa) for convenient paying. Credit cards were introduced for short-term borrowing, which has now been made cheaper.

NatWest's response to the Monopolies and Mergers Commission's report on credit cards two years ago shows that its ideas must have changed. It said: "The credit card is not invested with such unique *characteristics to place it* within a discrete sub-market in the market for personal financial services. NatWest customers may be unprofitable as a result of the use of Access cards and profitable in other ways, or vice versa."

Such a blatant volte-face seems quite sufficient reason to cut up your card. NatWest seems to have decided that its prompt-paying Access holders are not profitable enough in other ways, *in spite of falling* interest rates on current accounts.

It does not have to be this way. Banks, such as the TSB, which *has ruled out charges* until at least the end of next year, Girobank, the Cooperative and Clydesdale, are all still trying to find new custom by resisting a charge, even though their resolve seem s slightly weaker than it was.

Midland has continued to allow people to give to medical or arts charities via "affinity" cards, which after NatWest's decision to charge extra for its *WorldWide Fund for Nature* card seems particularly laudable. "Affinity" cards can also be had, free, from TSB, Girobank and the Leeds Permanent building society.

Save & Prosper remains opposed to charges and claims to have gained *business from* customers defecting from Lloyds, Barclays, and possibly Midland. It thinks it has a sporting chance of eventually selling such customers unit trusts, deposit accounts, or other products. However, even *S&P* is more reserved than *it* was. Earlier this year it said it would "never" charge S&P account-holders for credit cards. It no longer makes this *commitment.*

This nervousness apart, the institutions in the table on Page III all seem more worthy of custom than the clearers which have started charging.

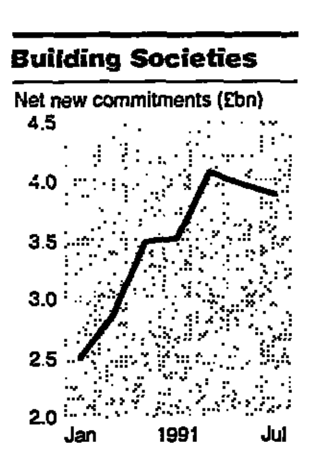
Free credit cards may well soon be a thing of the past. The *convenience of the global logos* may well be worth paying for, but there is still no point in paying for a product which you could have free elsewhere.

British *consumers*, who have already shown admirable responsibility by putting the banks into *this* mess in the first place, should now take their logic further – by rewarding those banks and building societies still enlight*ened enough to provide a* range of services, and punishing those who want every product to pay for itself.

AT A GLANCE

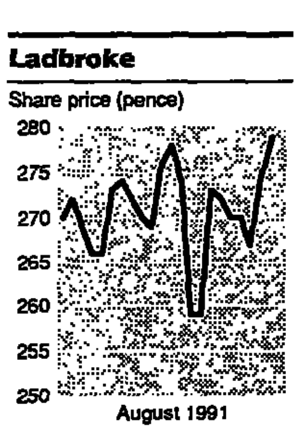
Building Societies

Net new commitments (£bn)



Ladbroke

Share price (pence)



Source: Datastream

Housing market still sluggish

THE Building Societies Association said this week there was no sign of an upturn in the housing market, while disclosing that societies made net new commitments to lend £3.89bn in July, *down 2 per cent from £3.98bn in June. Gross mortgage loans* made in the period were £4.16bn, up 13 per cent, reflecting commitments two months earlier. Inflow of funds was weak. Net receipts fell to £286m in July from £444m in June. Mark Boléat, the BSA's director-general, said the low level was probably due to the withdrawal of savings to pay for the final instalment on water shares. Holidays and recent cuts in interest rates also took a toll.

Ladbrokes rights issue

The £464m rights issue from Ladbroke on Thursday was one of the best leaked cash calls in recent memory. The story did the rounds in the market during the previous week, leaving the *shares lower. By the time the announcement was made*, the shares had recovered to their previous levels. Ladbroke, which runs the UK's largest chain of betting shops, Texas Homecare *DIY stores and hotel and property interests, will use the* proceeds to cut its £1.6bn debt. The news overshadowed the companies interim results, revealed simultaneously, which showed pre-tax profits down from £158m to £98m, a result blamed by Cyril Stein, chairman, on the effects of the Gulf war *on leisure spending.*

Latin American unit trust launched

The launch of the first authorised British unit trust to invest exclusively in Latin American companies was announced this week. Providence Capitol Fund Managers has appointed Latin American Securities, which has 15 years of experience in the area, to manage the fund. South America does not have a reputation as one of the world's more thriving economies, but Alan Parsonson, managing director of PCFM, says he believes the region will be "the major growth area for equities over the *next decade*", with *growth predicted* as twice that of OECD countries. There will be a three week fixed offer period, following formal launch on September 7. Minimum investment *is £500, the front end charge 5.5 per cent, and the annual* management charge 2.0 per cent.

Smaller companies find their feet

Smaller company indices showed a steady rise this week after *the turbulence of the Soviet coup the week before. The* Hoare Govett Smaller Companies Index (capital gains version) rose 1.26 per cent to 1211.4 from 1196.32 over the week to August 29. The County *Smaller Companies Index* rose 1.1 per cent from 959 to 969.7 over the same period.

'Phone tipster out of order

City Information Bureau, a telephone share tipping service which has been publicising its investment opinion on Mirror Group Newspapers and Eurotunnel, has been investigated by the Securities and Investments Board. SIB decided that CIB's news was so old that it flunked its tipster test and does not fall within its remit. However, CIB's letters to MGN shareholders advertising its 45p *a minute service attracted the attention* of the Independent Committee for the Supervision of Standards of Telephone Information Services, which has already used its powers to cut off CIB's earlier messages on Amstrad, Tottenham Hotspur and Polly Peck. It ruled that CIB's *promotions were misleading.*

Wall Street

Brokers bask in an autumnal glow

IT IS Labor Day weekend in the US, the holiday which marks the end of summer, and across *America people's thoughts* are turning to autumnal beginnings.

Children are putting covers on new textbooks; teams are limbering up for the beginning of the football season on Sunday; and Wall Street brokers, soaking up a long weekend of sand and sun at the far end of Long Island, are mulling over the prospects for a new beginning in the stock markets.

The question is whether equities, which have been stuck in an extremely narrow trading range for most of this year, are on the point of breaking into a sustained autumn rally. After all, the Dow Jones industrial average managed to hit new record highs on Friday of last week (3040.25) and Wednesday of this week (3055.23) and some Wall Street analysts are predicting a rise to 3250 *or more by the year* end, with 3500 in prospect for next summer.

The bulls' case is made on the assumption that a sustained, albeit gradual, economic recovery is under way and that the US will avoid another downturn into a "double dip" recession.

The statistical evidence on this remains murky, although at present it lends qualified support to optimists. True, the government this week revised its statistics on second quarter GNP growth from a 0.4 per cent gain to a 0.1 per cent annual rate of shrinkage, showing that the recession lasted longer than earlier thought, but that is largely of historic interest.

It is true too that the week brought forth figures showing why consumer confidence, an important engine of recovery, remains so fragile: there was an 8.5 per cent drop in new family home sales in July, while in the same period personal income saw its first monthly decline since the start of the year.

However, yesterday produced more encouraging news – *a broad-based and stronger*-than-expected rise in the July index of leading economic indicators.

All this seems to confirm a picture of a weak and vulnerable recovery, *which may* require more resuscitation over the next few weeks in the form of a further easing of interest rates by the Federal *Reserve.*

A belief that the Fed may ease again – particularly if the August employment report, due out next Friday, is bad – helps explain why *stocks hit record highs* on Wednesday, even as bad housing and income figures were being announced.

For if the central bank does *cut its target for the* Fed Funds interest rate this should feed through into lower prime lending rates from the banks, helping borrowers and bolstering consumer confidence. The banks, anxious to shore earnings and capital ratios, have been reluctant to pass on the benefits of past rate cuts, so *there is a large disparity* between prime and Fed funds.

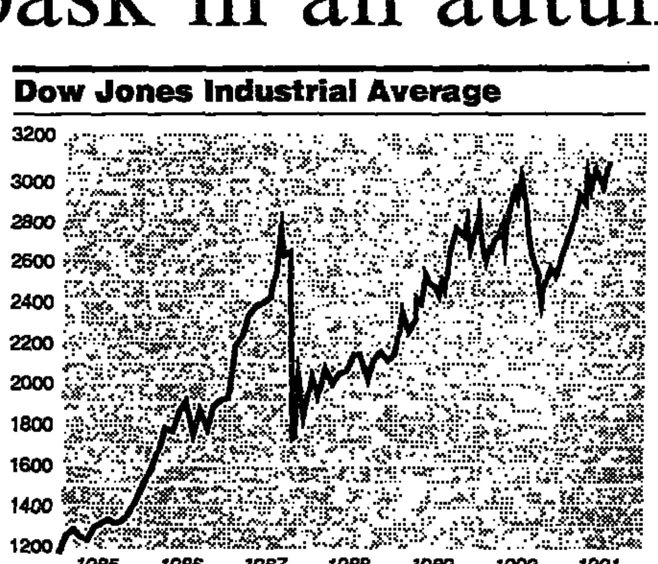
An easing of monetary policy would also help sustain the strong rally of the past few weeks in the bond market, which has seen the yield on the benchmark 30-year Treasury issue dip from around 8.5 per cent to the 8 per cent barrier. The bond market, which has been worrying about a reoccurrence of inflation *seems convinced that this* will not happen. Many analysts think this will bring down long bond yields to around 7.5 per cent over the next six months. And lower bond yields should make equities relatively more attractive.

Yet this benign picture of an assured rise in equity values, albeit accompanied by the inevitable short-term corrections that go with any bull market, *may* be a little too good to be true. The fact remains that the prices being paid for stocks are high by historic standards. For example, the average price earnings ratio of stocks in the Dow Jones stands at around 15.3, compared with 15.7 just before the 1987 stock market crash and 7.9 in the depths of the 1982 recession.

The optimists say that while the market may have got a little ahead of itself earlier this year, these levels can now be justified by the prospects for 1992 corporate earnings, *which should rise modestly* along with the economy.

Certainly, share valuations have stood so high for so long, and weathered so much bad *news (Gulf War, Russian coup* etc) that it is difficult to see just what cataclysm might shake confidence so much that the Dow breaches its long-standing floor of 2,850. But then on a lazy holiday weekend in late August, as you delve in the refrigerator for another beer, it is difficult to focus on anything too unpleasant.

Dow Jones Industrial Average



Monday	3039.36	– 0.89
Tuesday	3026.16	– 13.20
Wednesday	3055.23	+ 29.07
Thursday	3049.64	– 5.59

Martin Dickson

The Bottom Line

Williams unlocks the value of key holdings

INVESTORS *can no longer* take it as axiomatic that increased profits from a conglomerate means that its shares are a good buy. If the profits are generated from recent acquisitions investors will need to know where the group's future profits will come from if there is no obvious takeover target.

Similarly, if a large part of the profit increase is based on interest income (Hanson, for example, keeps its debt in dollars and cash in sterling to benefit from the UK's high interest rates) investors will want to know what the conglomerate plans to do in the event of a significant fall in British interest rates.

So when Williams Holdings, the industrial conglomerate, *reports a 26 per cent rise in* taxable profits to £76.5m, it is important to look at the quality of the profits. Are the profits inflated by acquisitions or *interest rate arbitrage? Have* they been boosted by exceptional or extraordinary items, relating, for example, to a disposal? Or are they due to the *conglomerate's ability to manage the businesses* better than the previous management?

Conglomerates, by their nature, can keep many details about their profit growth secret. They are under no obligation to publish a divisional or geographical breakdown of *profits. (Although this will* change by the end of the year.)

In the past analysts have criticised many conglomerates, including Williams Holdings, for offsetting exceptional costs, relating to reorganisations, with asset sales. The obvious *danger was that a downturn in* the economy would mean the reorganisation costs would be more expensive than the money recouped from disposals. And so it proved to be.

But this criticism can no longer be levied at Williams Hold*ings. Profits before taxation* increased by 39 per cent. Nigel Rudd, chairman, would only take about the 26 per cent increase before last year's *exceptional and extraordinary* items. Williams also provided a clear divisional breakdown of profits and turnover.

One of the simplest ways of *analysing the quality of Williams'* profits is to look at information provided by its studies of the Yale & Valor businesses, bought in March.

*The Williams Holdings Spe*cial operations team, known as the "hit squad", took immediate management control following the takeover. Operating *margins – the profits gener*ated from turnover – are running at 11 per cent. Rudd says his team spent the first two months fact finding and two more *putting its plan together.*

"Quite frankly" says Rudd, "if a business run as slackly as Yale can make 11 per cent margins, it just shows what a good *business it is.*"

What Rudd really means is what a clever buy it was. A slackly run business with margins of 11 per cent means that Williams can improve the margins by a least another five per cent by the end of the year, with scope for further improvements by the end of 1992. This is crucial to the group's *long-term ability to continue* making increased profits.

To his astonishment Rudd found out that at Newtone, one of the Yale & Valor's US factories, there had been *no physi*cal stock taking for more than 20 years. Throughout the group *there was an excess level of* stocks, up to 18 months in some cases. That will all change by the year end. So will the factory lay out, which according to Brian McGowan, chief executive, was badly organised and inefficient.

Encouraging signs of future profit growth are not confined to Yale & Valor. Margins in the two other main divisions, Industrial and Military Prod*ucts and Consumer and Build*ing Products, have increased 23.3 and 14.9 per cent, with signs of further improvements.

In Specialist Engineering the dominant business is the military bridge building company, bought for £18m from the Pearson Group, which owns the *Financial Times*. It is understood to be making annual operating profits of around £6m with margins of more than 30 per cent. Rudd says Pearson *complained that it was lumpy.* "Those lumps are looking better and better", he says.

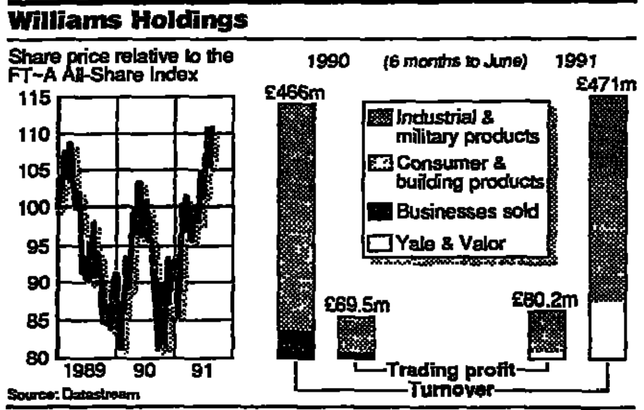
Being an acquisitive group, Williams still has its eye on the *next takeover. McGowan has* intimated that it is more likely to be in the US than the UK.

The group does not have to acquire a UK company to avoid difficulties with unrecoverable advance corporation tax. This is the tax deducted from dividends *as an advance payment* of corporation tax due for the year. But it effectively becomes a tax in its own right if a company pays less in mainstream corporation tax than in ACT.

Perhaps most reassuring for investors is that Williams does not have to make an acquisition at all. Its profit increases are being generated from its own businesses. Yale & Valor helped push up this year's interim profits. Yet with the continuing improvement in margins, Williams should be able to increase profits next year without having to launch a takeover. The quality of its profits has never looked better.

Roland Rudd

Williams Holdings



Source: Datastream

FINANCE AND THE FAMILY

Chill winds blast the insurance industry

How safe is your policy?

THE RECORD losses suffered by insurers over the past 18 months signal a worrying trend for the industry, which has been hit by a combination of weather and recession-related losses.

Britain's composite insurance companies – those selling general and life insurance – had their worst results on record last year, with Sun Alliance, Royal Insurance, Guardian Royal Exchange and General Accident all going deeper into the red.

Last year, only Commercial Union held its neck above water but it too is expected to make losses this year. Although the losses have dented the capital base of these companies, all remain financially strong and were comfortably able to maintain or increase the dividend they pay to shareholders when they announced their results for first half of 1991.

Over the past month Eagle Star, the insurance subsidiary of BAT Industries, has announced one of the worst interim results.

"Bloody awful" was the blunt reaction of Michael Butt, chairman and chief executive of Eagle Star, to his company's pre-tax losses of £189m in the six months to June 30. Most of the shortfall – £121m – was due to underwriting losses sustained from the company's domestic mortgage indemnity business, with claims resulting from the rising trend of mortgage defaults and repossessions by building societies. Mortgage indemnity insures lenders against losses they may suffer in selling repossessed properties. Most policies cover lenders against losses equivalent to 25 or 30 per cent of the loan.

This business was highly profitable until the late 1980s, when repossessions averaged 20,000 a year, but these escalated to 44,000 last year. The figure is already 36,600 for the first six months of this year.

Eagle Star, Sun Alliance, and Royal, which underwrite more than 50 per cent of mortgage indemnity policies, have therefore been particularly vulnerable to the combination of recession and high interest rates that has left many people unable to keep up their mortgage repayments.

To make matters worse, claims resulting from theft, arson and subsidence have all increased. The cost of thefts and house burglaries has risen by almost 50 per cent from 1989 to more than £1bn last year, according to a survey by the Bristol-based Insurance Service last month.

Eagle Star, accounting for its losses, said the cost of its burglary claims rose by 63 per cent in the first half of this year, while subsidence claims amounted to £21m against £55m for the whole of 1990.

Subsidence claims have increased as a result of the hot summers and dry winters of 1989 and 1990. The Association of British Insurers says there was a five-fold increase in subsidence claims in 1990 and the level is continuing to rise.

Moreover, insurers report a marked increase in fraudulent claims, a trend that they blame on the recession and which is likely to help push up premiums later in the year.

In spite of this gloomy background there is only the most minimal risk that any of the UK's large insurance companies will get into such financial difficulties that it will be unable to pay valid claims.

Even if a company were to fail, policyholders would still have a safety net. The Policyholders Protection Board – funded by the insurance industry as a whole – would assume most of its obligations. The PPB will pay 100 per cent of claims incurred on insurance policies which it is compulsory to buy, such as third party motor insurance and 90 per cent of all other claims.

PPB was formed following the collapse of the Vehicle & General in 1971, one of the biggest failures in the industry, which left 800,000 drivers without cover. Its collapse followed a period of fierce competition in the motor market when V&G undercut competitors.

Other changes introduced in the aftermath of the V&G collapse make today's environment very different from 20 years ago.

The solvency requirements – which govern the amount of capital an insurance company needs to underwrite a certain quantity of business – were established in 1976. The solvency margin – which measures a company's capital against premium income – was set at 16 per cent.

The DTI will monitor the company's performance closely. It has the power to veto members of the management and could ultimately instruct the company to refrain from taking on new business.

The solvency margin of Royal fell to 32 per cent at the end of last year. Its assets were hit by losses on the stock market and it has now pulled up its solvency margin to 35 per cent. The legal minimum is 16 per cent. GRE, with pre-tax losses of £157.2m for 1990, saw a sharp fall in its capital base over 1990, with the solvency ratio falling from 85 per cent to 46 per cent.

What about Eagle Star, which made the headlines last week? In spite of poor results, its solvency margin of 57 per cent at the end of 1990 gives its policyholders little cause for concern. The drop from a solvency ratio of 99 per cent a year earlier underscores the difference that a year can make but this applies to upturns too.

Long before insurers reach "anxiety level" they are likely to take one of a number of options: make a rights issue to raise fresh capital; cut their dividend; or lower turnover by refusing to take on business with low premiums.

Analysts say that both Royal and GRE appear to be taking the last path, cutting the amount of business they write in the UK. Royal may also decide to cut its dividend if results for the whole of 1991 are bad. Within a short period, its solvency ratio could improve as dramatically as it has fallen.

For the consumer, fear of premiums rising is more justified than anxiety over companies going under.

The losses suffered by the insurance companies, estimated at £1bn for motor insurance and £2bn for fire and accidents across the industry last year, mean inevitable increases in premiums this year and many companies are already imposing these.

When V&G collapsed motor insurance companies put up their premiums on new business by an average of 33 per cent. The increase may not be as acute this year but consumers should brace themselves for higher bills and be prepared to shop around to get the best rates.

Scheherazade Daneshkhu

The careful shopper's guide

INSURANCE premiums are rising this year following poor results across the industry. The Association of British Insurers estimates that people will be paying £1.50 more a week for their car insurance and £1 a week more for household and building contents cover than last year.

Luckily for the consumer, choice is no longer limited. Over the past decade the old cartel has broken down in the face of greater competition, spurred in part by the arrival of European companies such as Cornhill, a subsidiary of the German insurer Allianz and Westgate, a subsidiary of AXA, the French private company.

Direct sales insurers have also sprung up. These companies claim to reduce premiums by cutting out the middleman and selling over the phone instead. They are competitive but not cheaper in all cases.

Royal Bank of Scotland's Direct Line and Churchill, which belongs to the Swiss company Wintertur, pioneered the direct sales method and have since been joined by subsidiaries set up by Royal Insurance and General Accident.

Cheaper and more sophisticated information technology has also helped the industry allow for variation in its risk assessment. Gone are the days in which the age of the driver, regardless of whether he or she was driving a Ferrari or a Mini, was the basis on which risks were assessed.

"Premiums are not going up at a uniform rate", said a spokesman for the ABI. "But companies have said they will jack them up even at the expense of market share."

Under these circumstances, it is even more important to check what rates the competition is offering. If you are too busy to telephone the various companies you can employ the services of a reputable insurance broker who will try and find the best deals.

Here are the trends in four key areas:

■ Buildings: Building insurance should cover you for the cost of rebuilding your home. Last year, claims on insurance companies resulting primarily from subsidence rose five-fold from the year before to £500m. Premiums are therefore rising this year for most people.

Until recently, insurers charged a flat rate of £2.20 for each £1,000 of rebuilding costs. Norwich Union was the first of the big insurance companies to introduce a series of bands in which rates varied according to the risk of subsidence and storm damage. Rates range from £1.80 to £2.40 for every £1,000 of cover.

Royal Insurance, Sun Alliance and most other big insurers are also introducing differentiated rates. In areas of least risk such as Scotland and northern Cornwall the premium will actually fall to about £1.80 for each £1,000 of rebuilding costs, but in the highest risk areas in the south it will rise to as much as £4 or more per £1,000 of cover.

But before you rush to change your insurers, check whether subsidence has already affected your home – insurance companies will only be liable for damage that took place while the policy was in force. You are normally expected to pay the first £500 of any claim – this should be stipulated in the contract. Make sure that your policy is index-linked so that it keeps pace with inflation.

Watch out too for a new type of insurance cover in this area – companies are thinking of bringing in a buildings insurance that does not cover subsidence. The consumer would then have to pay extra for widening the policy.

■ Home contents: Most lenders will advise you take out a home contents policy with them when you are negotiating your mortgage. Before you do, think about looking around. It may sound cynical but if the society pushes something at you to the extent of sometimes making it one of the conditions of the mortgage, you can be sure that it is more in their interests than in yours.

The lender earns commission from selling you home contents insurance, the cost of which is passed on to you – you may find better and cheaper insurance elsewhere.

Most companies reduce the premiums if you are part of a Neighbourhood Watch scheme, and if you have special locks and window fittings.

Premiums are also often reduced for the over-50s since they tend to make fewer claims than others. Which?, the Consumer Association's magazine, is covering home contents insurance in its forthcoming September 5 issue.

Contents rates vary significantly with companies charging rates based on a different assessment of risk. See the table for examples of current rates.

■ Mortgage protection insurance: All the large lenders offer insurance to cover your mortgage should you become ill or redundant. However, companies are introducing a sharp reduction in benefits as a means of reducing their liabilities. Those with standing orders should check the certificate of insurance to see whether their cover is being reduced.

Check the indemnity period, which is being cut back by some companies from an 18 to 24 month period to 12 months, as well as the qualifying period, which is being doubled in some cases or extended from 60 days to 90 days in others.

Some companies are also dropping voluntary redundancy from their cover and limiting it to compulsory redundancy. On top of the curtailment of benefits, premiums are being increased by roughly 20 per cent.

■ Motor: This is probably the area in which rates differ most. Intense competition has kept premiums down but given the fact that car crime is on the increase and motor insurance companies lost £400m last year, premiums are rising.

Guardian Royal Exchange this week announced that its rates had risen by a cumulative 30 per cent over the past 12 months and are set to rise by a further 30 per cent later this year. Sun Alliance says its motor premiums have increased by an average of 25 per cent this year.

The AA warns customers against accepting so-called "free insurance" from motor manufacturers who pass on the cost of insurance in a higher price for the car instead, with the additional drawback that the motorist has little choice in the type of insurance.

Finally, it is important to avoid basing your insurance policy solely on the cost of the premium. There is nothing more disheartening to make a claim and find you are not covered. The difference in cost of premiums comes into its own when comparing similar policies between companies.

HOUSEHOLD INSURANCE – ANNUAL PREMIUMS (£)*

	Royal	Commercial Union	Eagle Star	Norwich Union	Direct Line	Broker quotation
Newcastle NE4	336	436	448	361	321	270
Redhill, Surrey RH1	251	286	298	274	239	223
Motherwell ML10	217	286	288	274	226	220

*Three-bedroom semi-detached house; rebuilding cover of £90,000; contents £25,000. Source: Leslie & Goodwin Insurance Brokers.

Deadline for Names

TIME HAS run out for Names who want to leave the Lloyd's insurance market and have still not notified their agents.

The formal deadline by which Names – the wealthy individuals whose capital backs underwriting at the insurance market – must let their agents know of their intention to resign or leave a particular syndicate expires today.

However, Names staying in the market who want to join new syndicates or alter the balance of their portfolio – by increasing the amounts they commit to some syndicates and reducing their commitments to others – still have a couple of months to consider the options.

Two annual reviews of the market published over the last few days can help them make up their minds. The Association of Lloyd's Members, the organisation representing the interests of more than 9,000 Names, issued its *Lloyd's 1988 Syndicate Results and Prospects* at the end of last week.

Chatset, the independent group which has been analysing Lloyd's results for more than ten years, published its own detailed breakdown of syndicate performance, *Lloyd's League Tables*, on Thursday.

Chatset's is by far the most complete and detailed of the two and contains a detailed breakdown of each syndicates accounts since 1983.

However, both reviews provide enough information for at least a preliminary assessment of the business prospects of each Lloyd's syndicate.

Both contain full results for each syndicate trading in 1988 – and shows how their results for 1989 and 1990 (which will be published in 1992 and 1993) are evolving.

Each review also details syndicates' stamp capacity – the yardstick which governs how much premium an underwriter can receive under Lloyd's rules – and how many Names are part of the syndicate.

There are also details of exactly what classes of business syndicates write. Although Lloyd's abandoned the system of formal market barriers last year, syndicates can still be broadly categorised into four groups – marine, non-marine, aviation and motor.

But within these broad groups, syndicates can specialise in a range of different markets. Aviation, marine and non-marine syndicates have varying levels of involvement in the esoteric and highly volatile retrocession market (the reinsurance of reinsurance), which has produced some of Lloyd's best profits and worst losses in recent years, for example.

Marine syndicates write common risks such as ships' hulls and cargo, but some concentrate on risks such as oil rigs. Non-marine syndicates can specialise in straightforward property or fine arts risks or more complex liability business.

Claims on liability business sometimes arise many years after the inception of an original policy.

Occasionally the uncertain size of future claims will be sufficient to prevent an underwriter from being able to close his accounts for the year's business, leaving the syndicate "open".

Both reviews also contain a novel feature – for the first time information about the salaries and profit-related bonuses earned by the syndicates' underwriters in 1990 (with profit related element relating to the 1987 year) is available. Earlier this year Lloyd's obliged syndicates to disclose this information.

In general the best paid underwriters produce the best results. For example Roy Hill, underwriter of Bankside marine syndicate 2 was paid £452,165. Names on his syndicate earned a return of £1,227 for a line of £10,000, three times higher than the average for the non-marine market as a whole.

But there are some exceptions. The underwriter of Gooda, Walker syndicate 299, for example, earned £213,375 in 1990 making him the tenth best paid underwriter in the marine market. His Names made an average loss of £435 for a £10,000 line. Chatset also gives details on how much of his own money an underwriter has at risk in his syndicate.

■ *Lloyd's 1988 Syndicate Results and Prospects available price £15 (free to ALM members) from ALM, 16 St Mary at Hill, London EC3R 8EE.*

■ *Lloyd's League Tables 1983 available price £52 available from Chatset Ltd, PO Box 661, London SW1.*

Richard Lapper

BES season opens

THE SEASON for tax shelter investments under the Business Expansion Scheme is here again.

Most BES companies are launched at the end of the tax year, in February and March, but it is possible, until October 5, to carry back relief.

The rules are complex – only a maximum of half an investment you make now can be backdated to 1990-91, and this is subject to a maximum of £5,000. If you invest £5,000, you can backdate relief on £2,500, but if you invest £45,000 only £5,000 can be backdated. The maximum investment qualifiable for tax relief in any one year is £40,000.

Virtually all BES schemes invest in residential property, which must then be let out under the "assured tenancy" scheme. Investments must last for five years. Full tax relief, of 40 per cent, is available for top-rate taxpayers, which means that you effectively only pay for 60 per cent of the value of the investment.

The most successful schemes in the last BES season were launched in conjunction with housing associations and universities, which agreed to buy back the properties, at a fixed price, after five years.

Rival "predator" companies attempted, by buying cheap properties at the bottom of the recession, to offer high growth without the guarantees.

You can choose from:

■ House the Homeless of London (Croydon), which has a buy-back agreement with the Peabody Trust and offers an equivalent annual return of 16.5 per cent after top rate tax relief, provided the trust is able to meet its obligations.

■ IMAGE (I.M. Assured Growth and Exit) which offers a rate of 17 per cent, guaranteed by the I.M. Group, a property company, can pay the bill in five years' time. The Bank of America has agreed to underwrite the issue.

■ IMPRESS will buy accommodation for Imperial College, London, with an annualised rate of return of 16.6 per cent.

■ Artesian Competitor, a predator-type company, is simply aiming for maximum growth and "no gimmicks".

■ Premium Gains, offered by the Scottish solicitors Neill Clerk, falls between the two extremes. It uses a covenant, based on unmatured endowment policies, to guarantee 38 per cent growth over five years. Maximum possible growth is 70 per cent.

The number of schemes is likely to double next week, and so it is best to wait until the range of choices is complete. Investors are unlikely to lose anything by waiting a week.

John Authers

CREDIT CARDS WITHOUT FEES

	Plan fee	New applicants	Extra conditions?	Transfer balances from other cards?	Contact
VISA					
Bank of Cyprus	No	Yes	Yes*	No	071 637 3961
Beneficial	No	Yes	No	Yes	0800 626 783
Clydesdale	No	Yes	No	Depends	041 331 1777
Co-operative	No	Yes	No	Depends	0800 616 162
Girobank	No	Yes	No	Yes	051 944 1213
C Hoare & Co	No	Only for bank customers	Yes	Yes	071 353 4522
Leeds Permanent	No	Yes	No	No	0532 550 555
National & Provincial	No	Yes	No	Yes	0800 400 411
Northern	No	Only Ulster/Eire	No	Yes†	0232 245 277
Robert Fleming/ Save & Prosper	No	Yes	Yes*	Yes	0800 282 101
Royal Bank of Scotland	No	Yes	No	Yes	0702 351 303
Standard Chartered	No	Primarily for bank customers	No	Yes	0222 473 000
Town & Country	No	Yes	No	No	0473 241 010
TSB Trustcard	No	Yes	No	Yes	0273 724 666
Ulster	No	Only Ulster/Eire	No	Ask†	Local Branch
Yorkshire	No	Primarily for bank customers	No	Yes	0532 424 040
ACCESS					
Clydesdale	No	Yes	No	Depends	041 331 1777
Northern	No	Yes	No	Yes†	0232 245 277
Ulster	No	Only Ulster/Eire	No	Ask†	Local Branch
MASTERCARD					
Midland affinity	No	No	No	Depends	Local Branch
TSB	No	Yes	No	Yes	0237 724 666

* Home-owners in receipt of regular income. † Preference to Northern Ireland residents.

Credit card levy

NATIONAL WESTMINSTER this week became the last of the big four clearing banks to levy annual charges on credit cards. Royal Bank of Scotland then announced its own charge.

NatWest's charge takes effect on October 15. Only one £12 fee needs to be paid if you hold both Access and Visa. However, if you hold NatWest's "affinity" Visa card, which makes token donations to the Worldwide Fund for Nature, as well as one or both of the other two cards, you will need to pay an extra £12.

Royal Bank is charging £10 as from January 20 next year. However, the charge will be payable on each Access, Visa and MasterCard affinity account. Its charge will be aimed directly at regular payers, as all those who have paid a monthly average of £5 in interest over the last year will not have to pay an annual charge.

NatWest's charge does not compare favourably with the competition – Lloyds Bank, the first to introduce the fee, also levies £12, but Barclays charges £8 and Midland £10.

As the table shows, several banks and building societies still offer credit cards without a fee.

If you are a NatWest cardholder you should soon receive, if you have not had it already, a letter asking if you are prepared to pay the fee.

NatWest has attempted to dampen adverse publicity by reducing the monthly interest rate to 1.9 per cent per month (26.8 per cent APR) from 2.2 per cent per month (29.8 per cent APR).

The bank is also introducing three new cards, in addition to the three already in circulation. One – "Visa Primary" – charges only £6. However, the credit limit is only £500 and the annual percentage rate charged on loans is higher than on the other cards. NatWest MasterCard has the facility to convert your outstanding balance (minimum £500) into a fixed-term loan. The range also includes a gold card, with a minimum credit limit of £2,500 and an annual fee of £35.

John Authers

Directors' Transactions

HENRY Barrett Group, which is involved in the design and erection of steel buildings, saw sizeable selling in January last year at 270p. In recent weeks there has been some steady, if modest, accumulation of shares by directors.

Multitone Electronics was bid for by Blick some years ago, but with a controlling stake held by the chairman Ian Karten, the bid was unsuccessful. Several directors bought in March at 62p. These two additions were made following good results. Co-incidentally the chairman of Blick slightly reduced his holding whilst retaining almost 10m shares between himself and his wife.

Brian Wheeler of Bimec has proven to be adept at judging the share price before, buying 100,000 at 41p in February and selling 70 per cent higher.

Mountleigh Group, censured by the Stock Exchange for directors selling 11 per cent of the shares at 100p (a price substantially above the market price) to the Getty Trust, has seen director buying recently. Sir Ian MacGregor has purchased the convertible preference shares at 35p following a purchase of ordinary by a fellow director earlier this month.

Great Portland Estates is worth noting: Richard Perkin has been a consistent buyer of his own stock.

Angus MacDonald
Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Barbour Index	75,000	117	1
Bimec	900,000	630	1
Blick	200,000	510	1
Marks & Spencers	136,495	386	2*
Sage	21,965	57	1
PURCHASES			
Gt Portland Estates	50,000	92	1
Greenacre	2,286,548	114	1
Midland Bank	10,000	24	1
M'leigh Con Cum Prf	200,000	70	1
Multitone	20,000	15	2
Small Cos Inv Trust	15,000	11	1
Sumit	50,000	23	1
Ultramar	5,000	14	1
VTR	70,000	32	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 19-23 August 1991.

Source: Directus Ltd, Edinburgh

FINANCE AND THE FAMILY

Life's Landmarks

Helping the next generation

John Authers helps you plan for the inevitable

YOU CANNOT avoid death. But the lenient inheritance tax (IHT) regime means that you can at least avert the financial suffering it might cause your dependants, while providing yourself with a comfortable income before it happens.

However, on this emotive subject it is very important only to do what you want to do. If you are not happy to give the money away, keep it.

The most important points to note about inheritance tax are as follows:

■ You can leave your spouse as much as you like – spouses are completely excluded from all inheritance tax.

■ You can also leave up to £140,000 to people other than your spouse free of tax. All of your estate above the level of £140,000 will be taxed at 40 per cent.

■ Lifetime gifts made more than seven years before your death can also be exempt from tax. If however, you die before the seven years are up, and the rest of your estate comes above the threshold, some tax will be payable on these gifts. They are only "potentially exempt" transfers (or PETs).

■ Gifts out of income can be made provided they are part of your normal annual expenditure and do not reduce your usual living standards. If the Inland Revenue is to be convinced on this point, such gifts must be regular and well established.

■ Outright gifts of up to £250 each can be made each year to any number of individuals, free of IHT. This is in addition to all PETs and the £140,000 threshold or "nil rate band".

■ Gifts in your will to charities, political parties, and various other non-profit making organisations are exempt.

A final point, vital to many IHT planning schemes, is that the death benefits from a life assurance policy are also exempt, if written in trust.

In case this sounds very lenient, bear in mind that the value of your house, particularly after the house price inflation of the last decade, could easily put you above the threshold.

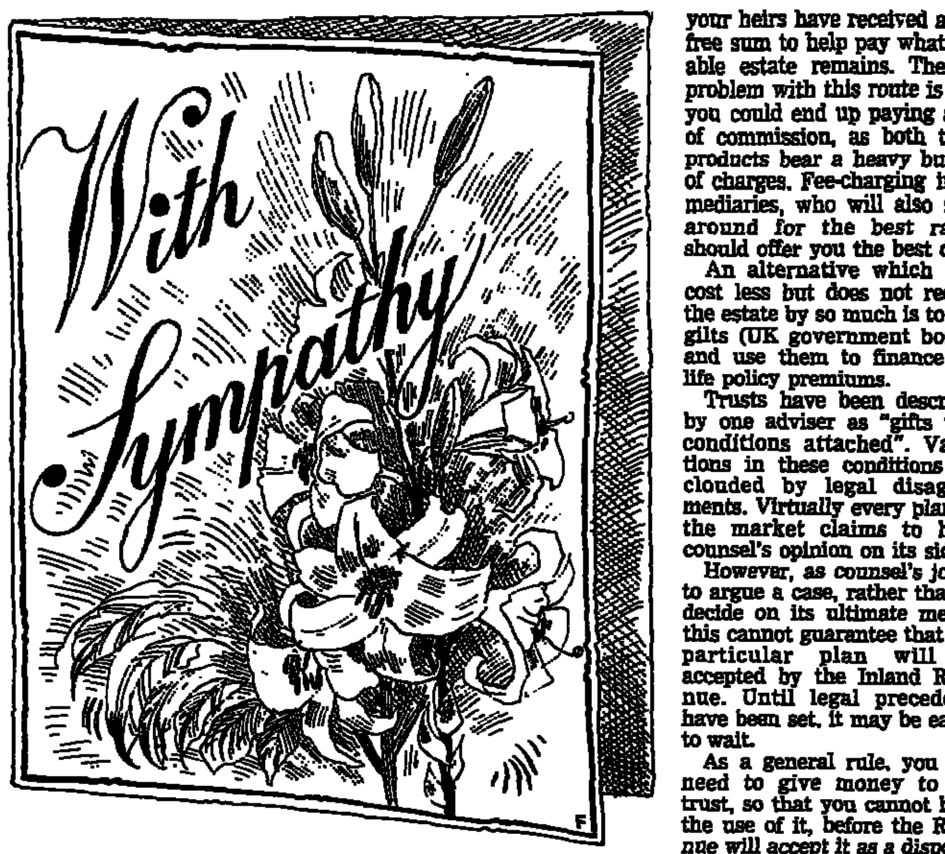
Your first step is, of course, writing a will. This is vital if you want to take any steps to minimise your heirs' IHT burden. The rules if you die intestate are complicated and vary between England and Wales, Scotland, and Northern Ireland, and they might not all accord with your wishes. For example, marriage automatically revokes a previous will in England and Northern Ireland, but not in Scotland.

Once you have finished with your solicitor, you will need to talk to an accountant, or some other fee-charging adviser, about limiting inheritance tax. There is no shortage of plans available.

Inherited wealth has ballooned in recent years, thanks to the increase in home ownership, and Labour's plans to make significant alterations to IHT, possibly by turning it into a tax based on the recipient, have encouraged a proliferation of IHT-planning products. Most of the companies offering them are using a "hurry while stocks last" sales pitch.

Simply using one "package" tailored by a particular company might be a simple option, but you can often do better by shopping around. The structure of the plans varies widely from company to company and some will make more sense for you than others. Interpreting the law also raises problems as no precedent has yet been set for some schemes.

There are two broad methods of IHT planning. You can either decide that your dependants will have to pay their IHT bill, and take out whole-of-life insurance, which pays out on death, to help them pay it. Or you can put your capital into a trust in such a way that it is not taxed as part of your estate.



The former approach has the virtue of simplicity, but it can be expensive. Whole-of-life policies are cumbersome, and often make poor investments.

A refinement on this approach, for those who are certain that they have enough to live on, is a "back to back" plan where you buy both a whole-of-life policy and an annuity.

When an annuity is bought, the whole lump sum paid to the life office is officially outside your estate, and it is therefore very efficient for IHT purposes. You then use the payments from the annuity to fund the premiums for the life policy.

Thus when you die your estate has been reduced, while your heirs have received a tax-free sum to help pay what taxable estate remains. The big problem with this route is that you could end up paying a lot of commission, as both these products bear a heavy burden of charges. Fee-charging intermediaries, who will also shop around for the best rates, should offer you the best deal.

An alternative which may cost less but does not reduce the estate by so much is to buy gilts (UK government bonds) and use them to finance the life policy premiums.

Trusts have been described by one adviser as "gifts with conditions attached". Variations in these conditions are clouded by legal disagreements. Virtually every plan on the market claims to have counsel's opinion on its side.

However, as counsel's job is to argue a case, rather than to decide on its ultimate merits, this cannot guarantee that any particular plan will be accepted by the Inland Revenue. Until legal precedents have been set, it may be easier to wait.

As a general rule, you will need to give money to the trust, so that you cannot have the use of it, before the Revenue will accept it as a disposal.

Trusts are typically "gift and loan", where some money is given to the trust but a larger proportion is only loaned. Profits made by the trust on the money loaned to it should be immune from IHT although the precise limits are controversial.

A quick review of recently launched products should illustrate this. Laurentian Life is offering a "retained interest" trust, under which a portion of the investor's capital is retained to provide income. The remainder is set aside for beneficiaries. The trustees of the plan can decide to return all of the original investor's money at any time, if they deem it necessary.

The trust holds a private portfolio bond which can be used as a pocket for an existing portfolio of investments. This scheme plainly has great attractions.

However, Skandia's new package takes a much more conservative view of what the law will allow, and the trust deeds make it much harder for the donor into the trust to gain access to the trust. It also establishes separate trusts for the gift and the loan, again to make clearer that assets have been surrendered for IHT purposes.

Chamberlain de Broe's new plan revolves around splitting the investor's assets into income and growth producers. The income-earning assets are retained; the investor then lends money to a trust which purchases growth-producing assets.

This, it is argued, allows the investor to retain some control of his assets. The trust's assets are then used to purchase an offshore private portfolio bond. Although the Inland Revenue has clamped down on these as vehicles for avoiding income tax they are still exempt from capital gains tax.

There is a further tax loophole which can be exploited. If the private portfolio bond is written on the lives of all the trustees, then the death of the person who establishes the trust (the settlor) need not force the encashment of the bond. If the bond is then encashed in the year following the settlor's death, the bond will escape tax.

■ *Chamberlain De Broe, based in London, and Towry Law, of Windsor, both produce free guides to inheritance tax planning. Stoy Hayward publishes a more extensive guide, price £8.99.*

Irritation over trust changes

Caroline Garnham on new rules for settlors of offshore trusts

IF YOU PUT money into an offshore trust created before March 19 this year, you could be feeling quite peeved about this year's Finance Act.

People creating new trusts can take advice and either prepare for the consequences or draft the trust deed to avoid the more penal tax provisions. But it is too late if you created a trust offshore before the Budget.

In future, if you are a settlor you could face capital gains tax on gains made by a trust. This penalty can apply even if you cannot benefit in any way from the trust or control the actions of the trustees. The provisions come into force if:

■ You have contributed to the trust.

■ The trustees are or become non-UK resident.

■ You are resident and domiciled in the UK.

Any of the following can be held to benefit regardless of how remote the possibility of their actually deriving any benefit from the trust is: you, your spouse (whether separated or not), your children (regardless of how old they are) or their spouses (separated or not), a company controlled by these people and if the settlement was created offshore after March 19 1991. If the settlement was made before this date, the legislation is triggered by one of four events. These caused great argument and lobbying for change during the Committee stages of the Finance Bill.

The trigger events are:

■ Adding property to the trust on or after March 19 1991, no matter how small the property is. This was thought particularly damaging to offshore settlements where the trust fund held low income-producing assets such as private company shares or land.

Very often if the income produced by the trust assets is insufficient to meet the trustees' fees the trustees look to the settlor for a further addition before jeopardising the trust assets. The Government introduced an amendment to the Finance Bill to cover this point but it is not generous. It covers the trust's administration and taxation expenses, but deliberately excludes unusual or capital expenses.

The costs of legal advice before a reorganisation or reinvestment of the trust would presumably be excluded.

Exactly how the Inland Revenue expects the trustees to meet these expenses in the future unless the trust has liquid capital remains to be seen. Certainly, this situation is far from clear.

■ Taking a UK settlement offshore after March 19 1991. This would include a situation where the trustees became non-UK resident on or after March 19 1991 and forgot to resign before emigrating. UK settlors should, therefore, keep a watchful eye on their trustees.

■ Variation of the terms of the settlement on or after March 19 1991 so that either you, or your children, or their spouses could for the first time become a person who could benefit.

The wording of this trigger event is welcomed by tax barristers who can see juicy fees in deciding what the word "variation" means. Technically this should exclude any simple exercise of a power in the trust to appoint the trust fund on different trusts or to different beneficiaries. Under these circumstances, the tax barrister could argue that the trust has not been varied, merely exercised.

In my view, it may be a good argument if in a corner, but it would be better for the trustees not to exercise their powers so as to bring this provision into play unless it is absolutely essential.

Tax barristers could also quibble about the word "persons". The way the legislation is worded suggests that if a beneficiary is not in existence at the time of the "variation" – such as a future spouse or child – the variation to benefit them will not trigger the settlement.

In any event this clause is causing confusion and should make planning very difficult.

■ Either you or your children or their spouses benefit from the trust after March 19 1991, if it was not expected they would benefit under the terms of the settlement if you looked at it before March 19 1991. If trigger event three was confusing, this is gobbledegook. It would appear to cover the situation where trustees pay out from the trust fund in breach of trust.

If, as a settlor, you become liable to tax on the gains made by a trust set up or added to by you, there is a right of recovery against the trustees of the settlement. But there is no guarantee that the trustees will pay out if the payment would be in breach of the trust, and no guarantee that the payment will not be treated as a capital distribution.

On a more optimistic note, however, the new legislation has inevitably has left a number of loopholes into which the discerning tax payer can slip.

For example the new rules taxing settlors do not apply if any of the following apply:

■ the settlor has died;

■ will trusts;

■ if the settlor was and still is non-UK resident

■ the settlor is non-UK domiciled or

■ the settlement was created before the Budget and none of the four other events have been triggered.

It should also be remembered that the new rules taxing settlors only relate to capital gains tax.

■ *Caroline Garnham is a tax partner with the London firm of solicitors Taylor Joynson Garrett.*

A new way to cut your tax

Graham Cooper spells out further advantages of Furbs

FURBS are retirement benefit schemes which, as explained in *Finance & the Family* last week, can prove useful if they are regarded on their own merits rather than as a replacement pension scheme.

A funded unapproved retirement benefits scheme, or Furbs, could be a cheaper way of distributing company profits to an employee than a direct payment of a bonus or a dividend.

A Furbs is not approved by the Inland Revenue so the requirement associated with "small self-administered pension schemes" is irrelevant. In particular, there is no need for a "pensioner" trustee; the trustees can be whoever the member wishes to appoint.

Also, provided there is only one member, the disclosure regulations do not apply which means that accounting can be kept to a bare minimum. A Furbs does not have to be registered with the Registrar of Pension Schemes, so the cost of administration can be kept to a minimum.

There are no investment restrictions. Residential property, company shares, loans to members and non-income producing assets (which are either banned or heavily restricted for approved "small" pension schemes) can be invested in without fear of incurring the wrath of the Inland Revenue.

Provided the Furbs is established for the sole purpose of providing "relevant benefits", it will be taxed at basic rate (25 per cent) on both its income and its capital gains, whereas assets in the personal ownership of the individual are taxed at 40 per cent on income and capital gains. This is primarily why it is advantageous for the assets to be retained in the Furbs for the benefit of the employee.

Indeed, extension of the logic suggests that the employee (particularly if he has substantial personal assets) should seriously consider reducing his direct contractual remuneration from the company, and receive virtually all his income in the form of payments into the Furbs. In the meantime, he can live off his personal assets and use them to pay the income tax demands that will arise on the payments by the company into the Furbs.

The process thus becomes one of the transfer of assets out of his personal estate into the Furbs, in other words, away from a 40 per cent (or, possibly, a higher rate should there be a change of government) tax environment to a 25 per cent tax environment.

The advantages do not stop there. It is not difficult to structure the Furbs so that it is a "sponsored superannuation scheme" for the purposes of inheritance tax legislation.

This means that, should the employee die, the assets can be subject to the same discretionary treatment as applies to ordinary pension scheme death benefits: the proceeds can be distributed by the trustees of the Furbs among a wide class of beneficiaries, without incurring any charge to inheritance tax.

Effective transfer of assets into the Furbs thus not only reduces income and capital gains tax, but also avoids inheritance tax.

What has to be given up in order to receive these surprising privileges? Remarkably little, it transpires.

We have already seen that the Furbs must have the provision of "relevant benefits" as its sole purpose, in order to enjoy the 25 per cent tax break. "Relevant benefits" basically means payments on death, retirement or leaving service. This suggests that the individual might not get access to the funds if he was still in employment with the company.

The Furbs has no investment restrictions, however and loans to members are certainly possible. (The Revenue might argue that the making of such a loan constitutes a breach of the "relevant benefits solely" requirement, but this is open to challenge.)

In any event, the Furbs can always be wound-up, and assets taken as tax-free cash, if a liquidity crisis arises, to be followed by the established of a further Furbs when times are better.

When can benefits normally be taken? As we have seen, the answer is at any time after "retirement". Tax considerations dictate that benefits should not be taken in pension form, since all pensions are subject to income tax. Rather, they should be taken as a lump sum, which will be tax-free, provided it can be proved that all contributions paid into the Furbs were taxed on the individual as income.

There appears to be nothing preventing benefits being drawn as a serious of lump sums, so as to retain the maximum level of assets in the Furbs, enjoying the ongoing tax advantages.

Ironically, there is one form of investment that should be avoided – life insurance policies. Under legislation which never contemplated the existence of unapproved retirement benefits schemes, any profits arising on an insurance policy held by the Furbs will be assessed as trading income of the company which originally contributed to the Furbs – even though the company has no beneficial interest in the policy.

Moreover, unless the provision of the Furbs specifically allowed it, the company would have no power to recover its tax from the assets of the Furbs.

Quite possibly, this "lock-out" of the life assurance companies from a potentially lucrative market is responsible for the lack of publicity given to these unapproved schemes. It is clear, however, that almost every family company and larger public company should consider introducing them for their senior employees.

■ *Graham Cooper is an actuary and a partner in New Bridge Street Consultants.*

The Week Ahead

BTR profits gloom

BTR, the industrial conglomerate, is expected to show a drop on Thursday of about £100m in its half-year pre-tax profits from the £530m year earlier.

Alan Jackson, new chief executive, has at last started to buy and sell companies as part of his strategy of making the group more of an asset broker. Analysts will be looking for clues about the big acquisition which he promised when he took over in January.

BAT Industries, the tobacco to insurance group, is expected to report a sharp decline in pre-tax losses at the half-year stage on Wednesday. Analysts expects pre-tax profits to be between £360m and £380m, compared with £549m a year earlier. The group's Eagle Star insurance subsidiary reported a £189m pre-tax loss last week and this is the main reason for BAT's deterioration.

Reckitt & Colman, the food and household products maker, is expected to have advanced by about 10 per cent to between £120m and £125m pre-tax in the first half with the help of Boyle-Midway, a North American household and toiletries group bought last year.

Sedgwick Group, the insurance broker, is expected to record a marginal fall in pre-tax profits in its interim figures on Tuesday. Sedgwick's pre-tax profits are expected to be between £60m and £65m for the first six months of 1991, compared with £67.7m at June 30 1990.

Taylor Woodrow, Wimpey, Amec, Persimmon and Blue Circle's results during the week will underscore the decline in the construction sector. Saatchi & Saatchi's will offer little encouragement to shareholders. T&N and Burmah Castrol will shed some light on the fortunes of the industrial sector and Pentos on the retail sector.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
API	145	111	97	30.33	NMC
Carbo	240§§	231	230	31.09	Hopkinsons Grp.
Copson (F.)	38*	35	35	4.43	Precis
Cramphorn	102	101	81	16.84	Wyevale Gdn.
Etam	185*§	183	180	87.2	Oceana Inv. Corp
Food Inds.	Ir151.0♥	Ir142	Ir135	Ir58.16	Greencore
Goring Kerr	223	218	189	8.28◆	Cambridge El Ind
Goring Kerr	205*	218	198	7.61♣	Thermo Electron
Invergordon	225*	253	163	286.28	Whyte & Mackay
Macarthy	239½	289	168	65.92	Grampian Hldgs.
Macarthy	298§§	289	255	82.02	Lloyds Chemists
Macarthy	261§§	289	232	71.83	UniChem
Rockware	103*	110	59	176.87	BTR
SD-Scicon	60*	60	43	121.16	Elect.Data Syst.
Tyndall Hldgs.	63§§	57	49	35.05	Jupiter TM

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 30/8/91. †At suspension. §§Shares and Cash ◆ For 48.9%. ♣ For 13.3% outstanding.♥Approximate average value, assuming each shareholder elects to take up full pro rata entitlement of the Convertible Alternative. Offer comprises two parts 1)Ir£1.468 cash 2) a 9½% Convertible Loan Stock Alternative 1995 (conversion price 270p) on the following basis: in lieu of every Ir£1.00 of cash under the offer- Ir£1.00 nominal amount of Greencore Convertible.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aerospace Engineering	Apr	2,010	(2,710)	4.38	(5.43)	3.12	(3.12)
Cramphorn	Jul	648	(1,300)	4.41	(7.11)	2.03	(1.92)
Davies (DY)	Apr	576 L	(1,460)	-	(15.9)	-	(5.7)
Flextech	Mar	6,200	(4,950)	13.09	(11.2)	1.5	(1.0)
Primadona	Jun	358 †	(276 †)	8.0	(6.1)	4.5	(4.0)
Richmond Oil & Gas	Mar	795 L	(142 L)	-	(-)	-	(-)
River & Merc. Smaller	Jul	1,230 †	(-)	4.39	(-)	3.75	(-)
Smith (WH)	Jun	89,000	(86,000)	29.8	(29.9)	12.5	(11.5)
Stavert Zigomala	Mar	65	(77)	15.87	(19.56)	18.75	(18.36)
TR European Growth	Jun	1,200 †	(-)	3.14	(-)	2.5	(-)
Trio Investment Tst.	Jun	55 #	(-)	1.37	(-)	1.0	(-)
Waverley Cameron	Mar	617 L	(1,430)	-	(0.17)	-	(1.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ADT	Jun@	85,100	(145,700)	-	(6.8)
ATA Selection	Jun	96 L	(186)	-	(1.0)
Baillie Gifford Shin	Jul	80 L #	(8 L #)	-	(-)
Baldwin	Apr	2,230 L	(1,740 L)	1.4	(1.4)
Barr & Wallace Arn.	Jun	1,070	(1,350)	3.0	(3.0)
Braime (TF&JH)	Jun	283	(70)	2.25	(1.75)
Bredero Properties	Jun	1,300 L	(1,000)	-	(1.2)
Bridon	Jun	100	(7,000)	2.5	(2.5)
Cairn Energy	Jun	1,230 L	(582 L)	-	(-)
Consolidated Venture	Jul	115 †	(102 L †)	-	(-)
Dawsongroup	Jun	192 L	(483 L)	-	(-)
Dewhirst Group	Jul	851	(772)	0.29	(0.29)
Edmond Holdings	Jun	856	(1,460)	0.65	(0.65)
Fairhaven Int'l.	Jun@	8,000	(5,610)	-	(-)
File Indmar	Jun	845	(822)	1.0	(1.0)
Friendly Hotels	Jun	1,350	(2,530)	2.2	(2.0)
Guardian Royal Ex.	Jun	88,000 L	(38,000 L)	4.4	(4.4)
Irish Continental	Apr¥	1,490 L	(1,820 L)	-	(-)
Ladbroke Group	Jun	98,200	(158,200)	4.92	(4.68)
McAlpine (Alfred)	Apr	700	(4,900)	4.5	(4.5)
Mersey Docks	Jun	5,460	(4,860)	2.0	(1.7)
Monument Oil & Gas	Jun	3,640	(3,080)	-	(-)
Murray Int'l. Trust	Jun	6,440 ◆	(6,790 ◆)	7.5	(6.84)
Printech Int'l.	Jun¥	1,690	(1,390)	0.8	(-)
Scottish Investment	Apr‡	12,000	(11,500)	-	(-)
Serco Group	Jun	2,480	(2,010)	4.0	(3.5)
Slough Estates	Jun	19,100	(32,800)	4.4	(4.2)
Strong & Fisher	Jun	5,230	(16,670 L)	-	(-)
Thai Prime Fund	Jun@	44 L #	(39 L #)	-	(-)
T&N (South Africa)	Jun●	7,100	(3,400)	7.5	(3.8)
Torday & Carlisle	Jun	694 L	(1,520)	1.5	(2.3)
Wace Group	Jun	8,110	(12,300)	2.25	(2.25)
Wassall	Jun	3,100	(3,000)	1.0	(0.9)
Wales City of London	Jun	4,570	(5,020)	0.77	(0.77)
Williams Holdings	Jun	78,500	(60,600)	5.0	(4.75)
Woodchester Invest.	Jun¥	18,000	(13,100)	1.51	(1.26)
Wyevale Garden	Jun	2,200	(1,600)	2.48	(1.12)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ¥ = Figures quoted in Irish pounds & pence. # = Net loss/profits. ● = Figures quoted in South African rands & cents. @ = Figures quoted in US dollars & cents. † = Net revenue. ‡ = Figures for 9 months. ◆ = Available revenue.

RIGHTS ISSUES

Ladbroke Group is to raise £464m via a one-for-four rights issue at 220p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Black (Peter) Holdings	Monday	0.77	2.07	0.77
Ex-Lands	Thursday	-	-	-
Isotron	Tuesday	1.05	2.07	1.25
Murray Income Trust	Monday	1.88	3.36	2.1
Specialeyes	Thursday	-	-	-
Stonehill Holdings	Tuesday	-	-	-
Trevian Holdings	Wednesday	1.45	1.85	-
INTERIM DIVIDENDS				
Addison Consultancy Group	Wednesday	-	-	-
AMEC	Wednesday	3.87	6.25	-
Astec (BSR)	Friday	0.7	-	-
ASW Holdings	Monday	4.5	8.0	-
BAT Industries	Wednesday	10.7	10.4	10.8
Bedford (William)	Wednesday	-	-	-
Blue Circle Industries	Thursday	3.75	7.5	-
Booker	Thursday	7.25	14.0	-
Bowater	Tuesday	9.5	11.5	-
British-Borneo Petroleum	Thursday	8.0	8.0	-
British Dredging	Thursday	2.6	4.8	-
BTR	Thursday	7.0	8.75	-
Burford Holdings	Thursday	0.4	0.45	-
Calderburn	Thursday	2.8	4.9	-
City & Commercial Invest Tst	Thursday	3.93	5.27	-
Coats Viyella	Wednesday	3.0	4.0	-
Cookson Group	Thursday	3.0	3.0	-
Courtaulds Textiles	Thursday	4.0	6.4	-
CRH	Wednesday	2.0	4.0	-
Croda International	Wednesday	4.1	6.9	-
Daniels (S)	Thursday	1.25	-	-
Five Arrows Chile Fund	Tuesday	-	-	-
Gibbs & Dandy	Friday	-	-	-
GT Chile Growth Fund	Tuesday	-	-	-
Hambro Countrywide	Tuesday	0.05	-	-
Hillsdown Holdings	Wednesday	2.0	6.0	-
IMI	Tuesday	4.2	5.8	-
Instem	Wednesday	1.2	2.85	-
Instrum Justitia	Tuesday	n/a	n/a	n/a
JMD Group	Thursday	-	-	-
Jourdan (Thomas)	Tuesday	1.5	1.0	-
Laird Group	Friday	4.0	6.0	-
MTM	Tuesday	1.7	3.4	-
Nestor-BNA	Monday	1.15	2.0	-
Peek	Tuesday	1.05	2.35	-
Pendragon	Monday	1.8	3.6	-
Pentos	Tuesday	0.6	1.9	-
Perry Group	Tuesday	2.75	6.25	-
Pickwick Group	Tuesday	1.65	3.7	-
Pittencrieff	Monday	2.0	2.5	-
Porvair	Thursday	1.0	2.0	-
Provident Financial	Thursday	8.0	15.5	-
Pelon	Tuesday	1.0	1.4	-
Readymix	Thursday	0.55	1.95	-
Reckitt & Colman	Thursday	12.25	21.75	-
Record Holdings	Tuesday	1.15	2.45	-
Richards Group	Thursday	1.65	2.75	-
River & Merc Geared Cap Inc	Thursday	1.4	3.32	-
Ropner	Tuesday	3.5	4.75	-
Saatchi & Saatchi	Thursday	-	-	-
Scholl	Tuesday	2.5	3.5	-
Sedgwick Group	Tuesday	4.0	8.0	-
Senior Engineering	Wednesday	1.08	1.78	-
Stat-Plus Group	Wednesday	2.75	3.5	-
Sun Alliance Group	Thursday	5.0	9.0	-
Taylor Woodrow	Tuesday	1.86	7.64	-
T&N	Wednesday	3.6	7.25	-
Unidare	Monday	3.8	10.3	-
Vinten Group	Thursday	1.7	4.5	-
Wilson Bowden	Thursday	2.4	5.8	-
Wimpey (George)	Wednesday	4.0	6.5	-
WSP Holdings	Tuesday	1.1	1.8	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

SIME DARBY

A Driving Force in a Thriving Region

At the beginning of the Twentieth Century, American President Theodore Roosevelt expressed the view that 'the Mediterranean is the ocean of the past. The Atlantic is the ocean of the present, and the Pacific will be the ocean of the future'.

The future has indeed arrived.

Four countries in the Pacific Region – South Korea, Taiwan, Hong Kong and Singapore – despite being resource-poor, have breathed so much fire on the economic front that they were named the Four Little Dragons or, in economic terminology, Newly Industrialised Economies.

More recently, the three resource-rich countries of the Association of Southeast Asian Nations (ASEAN), Thailand, Indonesia and Malaysia, have been gaining increased momentum in their determined drive from farm to factory and beyond. In fact, they have already begun to be referred to as the Asean Tigers.

Malaysia Booms with 10% GDP

Malaysia, as one of the Asean Tigers, posted a remarkable 10 per cent growth in 1990. As the Gulf crisis has shown, Malaysia's economy is probably more robust than any other in Asia. Not only is it resource-rich, but its wide-ranging programme of economic diversification has also begun to have an impact. Commodities today account for less than 29 per cent of Gross Domestic Product while, at the same time, manufacturing has expanded significantly to more than 27 per cent.

Malaysia continues to attract foreign investors because of its ample natural resources, political stability, strong infrastructure, quality of its workforce, and investment incentives, including tax holidays. The nation's leadership has also announced Vision 2020, a national endeavour to make Malaysia a fully developed country by the year 2020.

Sime Darby Reflects the Dynamic Progress of the Region

In 1910, just about the time that President Roosevelt was making his bold prediction, Scottish adventurer William Middleton Sime and English banker Henry Darby put their names together to form a plantations company called Sime Darby.

Today, Sime Darby is Malaysia's number one corporation, with widely diversified businesses and market capitalisation of over US$2 billion. It is also the largest multinational in Southeast Asia.

In the past two decades, the company has undergone a structural transformation, having successfully developed four other core businesses beyond plantations. These include manufacturing; heavy equipment and motor vehicle distribution; property development; and insurance. A sixth core business being expanded rapidly is oil and gas because of Malaysia's rich resources in this area.

Regional Operations Ensure Strong Local Knowledge and Connections

Sime Darby business activities are grouped to fit the nature of its diverse operations and broad geographic markets. The Group today comprises companies in 12 countries in Europe, the United States and Asia Pacific. To support its extensive trading and manufacturing interests in Asia, the Group has regional operations in Hong Kong, the Philippines, Australia, Indonesia, Brunei, Thailand and Singapore as well as Malaysia.

Regional operations include diverse businesses, from natural resources to mass consumer products to commercial and industrial equipment and systems.

In Hong Kong, Sime Darby markets a range of motor vehicles – including BMW, Ford, Suzuki, Alfa Romeo and Mitsubishi cars – and commercial vehicles. It is also involved in heavy equipment, engineering, property, insurance, finance and shipping activities.

The Singapore operations include the marketing of BMW and Ford cars, Land Rover vehicles, heavy equipment, manufacture of packaging materials and marketing of a wide range of consumer goods, as well as property management and consumer services such as travel and car rental.

Sime Darby also manufactures Sime Darby branded tyres with BF Goodrich as the technical partner in the Philippines, and distributes Suzuki vehicles and motorcycles, manufactures furniture and assembles bicycles in Australia.

The Group has a packaging manufacturing operation and owns and manages a commercial estate in Indonesia. In Thailand, Sime Darby has a significant investment in insurance underwriting and owns and manages an insurance broking company.

Sime Darby Malaysia Region produces a wide range of high quality products for the domestic and export markets, and has agency lines in consumer products, electronic equipment, computers and engineering products. It also offers services covering travel, securities, car rental and computers.

The goal is to continue to strengthen the Group's presence in Southeast Asia and other Pacific Rim countries which offer opportunities for investment and expansion.

Diversification Strengthens the Group

In the area of manufacturing, Sime businesses manufacture and market a broad range of automotive, earthmover and aviation tyres. This division is Malaysia's largest tyre producer and the largest exporter of tyres in Southeast Asia. The aircraft tyre division has contracts with major airlines in the region. Earthmover tyres are exported to Europe, the Middle East and Asian countries.

The automotive tyre division has invested in state-of-the-art precision equipment to make Sime's technology among the most advanced in the world. The investment and Sime's affiliation with technical partner Sumitomo Rubber Industries of Japan allow the group to produce high-performance VR and ZR speed-rated tyres for today's supercars.

The distribution of heavy equipment and motor vehicle assembly are handled by Sime Darby subsidiary, Tractors Malaysia. The heavy equipment division distributes and provides product support for the complete range of Caterpillar heavy equipment, engines and lift trucks and a comprehensive range of agricultural, road construction and quarrying equipment. The motor division assembles and distributes Ford, BMW and Land Rover vehicles as well as Scania trucks and commercial vehicles.

The company also assembles Mazda passenger cars and Suzuki 4-wheel drive vehicles under contract.

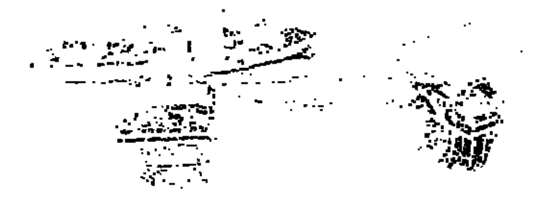
Sime UEP provides the base of the Group's property development operation. The subsidiary has developed Southeast Asia's largest township built by a single developer and is in the process of building industrial estates for modern warehousing and light industry.

Insurance services provided by the Group comprise general and life insurance, health and medical insurance, and both insurance and reinsurance broking.

Plantations traditionally provided the foundation of the Sime Darby Group. Today, the organisation has 200,000 acres of prime tropical agricultural land under

oil palm, rubber and cocoa. The Group has also moved into downstream activities, such as the refining and packaging of vegetable oils and specialty fats, and the manufacture of dipped latex products including examination gloves and condoms.

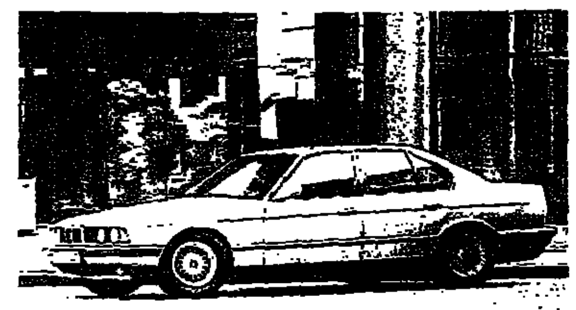
The Group has seen significant growth in its newest area of diversification, the oil and natural gas industry, through the development of exploration, design and fabrication capabilities. Major contracts for Shell, Esso and Petronas, Malaysia's national oil company, have included fabricated offshore production platforms and jackets for Malaysian oil production. Sime Darby has fabricated and delivered a jacket to the Qatar North Field Development Project in the Arabian Gulf and is in a strong position to pursue opportunities in other overseas markets.



Hands-on From Dunlop Tyres to BMWs

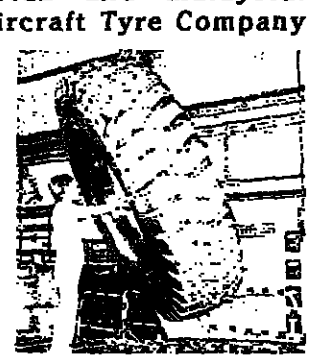
The Group's high standards for quality, efficiency and integrity have led to joint venture arrangements and other business affiliations with organisations in Europe and North America. Its strong connections and presence in the region, coupled with a proven track record in finance, management and marketing, make it attractive as a business partner.

A broad range of globally-recognised names have joined forces with the Group in the region. Of these, a number have



taken advantage of Sime's knowledge of the region and extensive network. In addition to BMW, Land Rover, and Ford partnerships for the assembly, distribution and product support of their vehicles, the Group designs, manufactures, markets and distributes Chubb security equipment for banks and financial institutions as well as for the commercial and household sectors. Tractors Malaysia is one of the top 10 Caterpillar dealerships in sales and customer support in the world.

In a 50-50 joint-venture with the Michelin Aircraft Tyre Corporation, the Group manufactures high quality aircraft tyres for major airlines in Singapore, Indonesia, Australia, Pakistan and Malaysia. Michelin Sime Aircraft Tyre Company was the first company in the world to retread tyres for Boeing 747-400 aircraft.



Other international business partners include Berger Paints with whom Sime has a technical agreement to manufacture and distribute paint; Rengo, Japan's leading packaging company; and the Inax Corporation of Japan which has a joint venture manufacturing arrangement with Sime Darby to produce sanitaryware exported to the buoyant markets of Japan, Singapore and Korea. A Sime Darby-Hyundai joint venture company manufactures furniture for export markets around the world.

A Letter from the Group Chief Executive

I hope we have succeeded in giving you a tour de horizon of Asia Pacific, Malaysia and Sime Darby. We believe it is a glowing picture, because the underlying fundamentals have always been strong.

What is the Secret of Sime Darby's Success?

The Sime Darby Group has greatly benefitted from the growth and development of the Asia Pacific region, which is not really surprising since we pride ourselves on being the Regional Multinational. That, of course, is not the only reason for the Sime Darby Group's success in recent years, and here I must give credit to the management staff for their professionalism in both planning and execution. We provide our staff with the best in terms of management training and give our executives the responsibility and the opportunity to show their worth, but we are extremely demanding in our standards and so far we have not been disappointed in the response.

I must confess we are inclined to be conservative in our management approach, and whilst some may see this as a weakness, we believe in the trustee relationship and in looking after shareholders' funds. The Sime Darby Group profits are real, genuine, cash-in-the-bank profits as reflected in our balance sheet strength. We are not about to change our ways, though we may start to become more acquisitive as value for money opportunities present themselves.

Sime Darby is a regional Group, and we would like to continue to build up our regional presence and strength still further in new business ventures with new partners who have the technology and the resources to match our demanding standards. If you have either the intention or the desire to move into this region, I cannot believe you will find a better business partner than Sime Darby.

What is Sime Darby's Long-Term Strategy?

Increased manufacturing is an aspiration for Malaysia and the other regional countries. In this respect, as the regional multinational, we would like to realise this aspiration but, equally importantly, we are concerned to see that any business venture we enter into is a viable long-term project.

For the future, we will also be increasing our efforts in seeking exports in overseas markets. Examples of Japan, Korea and Taiwan are there to remind us that exported growth is a powerful route to rapid economic expansion, and Malaysia has made a commitment to reach developed country standards by the year 2020.

Small countries like Malaysia can move towards achieving such a watershed for its people by specialising and developing an expertise in certain niche areas of manufacture or with certain specific products.

Just as many people have been amazed by our capacity to achieve the success we enjoy today – as a company, as a country and as a region – there will be many who will be surprised by our progress in the future. Sime Darby believes in open, free international trade which will provide the opportunity and the incentive for world peace, progress and prosperity. The way forward is clear, and I am confident that the opportunities in Asia Pacific are virtually limitless.

Sincerely yours,

Tunku Ahmad Yahaya

For further enquiries, please contact: The Communications Department, Sime Darby Berhad, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia. Telefax: 03-298 7398. Telex: SDMAL MA 30038

FINANCE AND THE FAMILY/MINDING YOUR OWN BUSINESS

Diary of a Private Investor/**Kevin Goldstein-Jackson**

The hidden costs of Taurus

"AT LAST THEY have been rumbled" I thought as I read a press report on Operation Taurus. An investigation had revealed that a number of beggars were using a variety of methods and "hard luck" tales to extract money from their victims.

Unfortunately, Operation Taurus was concerned with beggars on the streets of London rather than the beggars of the Stock Exchange, who are proposing to extract even more money from their private clients with Taurus – the supposedly "paperless" automatic share transfer system.

Earlier this month the stock exchange announced that the introduction of Taurus was to be delayed yet again, due to computer software problems. This means that the government's abolition of stamp duty of half a per cent on all share transactions will also be delayed, since this abolition was linked, in the 1990 Budget, with the operation of Taurus. The exchange's delays are therefore going to prolong an unfair tax on investment.

The target launch date of Taurus is now May next year. Meanwhile, the Stock Exchange has embarked on a campaign to make the public aware of what Taurus has to offer. Unfortunately, that publicity is not specific as to costs to private investors.

When Taurus becomes operational, share certificates and share transfer forms will no longer be required. Evidence of ownership of shares will be provided by a contract note and the entry of the investor's name, with the number of shares held, on the share register of the company concerned.

The stock exchange originally claimed that the removal of share certificates and transfer forms was a way of reducing costs to brokers and the exchange "expected" such reduced costs to be passed on to the benefit of investors.

However, it would appear that costs have escalated and I would suspect that private investors will be paying even more for their share deals than pre-Taurus!

A number of brokers (including one of the two I use) have written to clients stating that if they do not put their investment under a broker's control, in a broker's nominee name, then they will face higher costs – either as a result of "Taurus charges" from their brokers or due to loss of interest on delayed settlement.

Using a broker's nominee services presents problems, especially if a broker gets into difficulties and there are disputes as to who exactly owns shares held by the nominee.

There may be delays in the nominee sending on company reports and other company documents to investors. Indeed, one broker's nominee company admits to throwing away, unopened, much of the company material which arrives for investors using its nominee services. How can those investors judge the prospects of those companies (and protect their investment funds) without promptly receiving full company reports? Will brokers charge, like some Personal Equity Plan managers, a hefty fee just to send on company reports and other documents?

How much will brokers charge for using their nominee services? One piece of paper (the share certificate) sent via a broker will, under Taurus, be replaced by perhaps four or more pieces of paper every year, with brokers sending each client an itemised list for shares held on their behalf by the nominee company. Will these regular statements be free – or will an investor have to keep a specified amount of money on deposit with a broker in order to qualify for this service?

Some brokers are already asking their clients for money to place on deposit in anticipation of future share purchases. With the introduction of Taurus it will no longer be possible to buy shares without paying for them in the hope that by the end of the accounting period – perhaps two weeks away from the purchase date – the price will have risen sufficiently for the shares to be sold at a profit, with the broker then sending a cheque for the profits without the need for an investor to pay any cash.

With Taurus, settlement will have to be made within about three days. Without money on deposit with a broker it might be difficult and/or costly to ensure that payment arrives on time.

Will brokers take a "turn" on money left on deposit with them, or will they pay the interest they receive?
How easy will it be to terminate the nominee's service with a broker – and will there be a "termination charge"?

How quickly will companies be able to discover whether or not someone is acquiring, say, a 2 per cent stake in their company with a view to a takeover bid? Nominee names will become increasingly numerous on company share registers.

If an investor decides not to use a broker's nominee company and/or a special "account" administered by a broker or bank, but chooses instead to use a "company controller", then the investor could face higher charges when he or she wishes to sell. With a "company controller", shares are registered by a broker in an investor's own name and the registrar of the company whose shares have been bought will keep the investor informed, free, of the details of the investor's shareholding.

However, I suspect that private investors who choose that option will eventually be discriminated against in much the same way as some US brokers charge "higher dealing spreads" for deals in shares held by "bad marking names".

As with any new system, Taurus is likely to have teething problems. All sorts of protection are being built in to protect against fraud – including the use of PIN (personal identification numbers) to be used by investors when dealing in shares. The stock exchange will improve its compensation scheme to provide up to £250,000 per investor to cover losses which might be incurred as a result of fraud or any financial loss suffered as a result of a broker not fulfilling his Taurus functions properly. However, the scheme will have a fund of only £100m. In these days of rising company and bank fraud, such a sum might well prove insufficient to cover all losses.

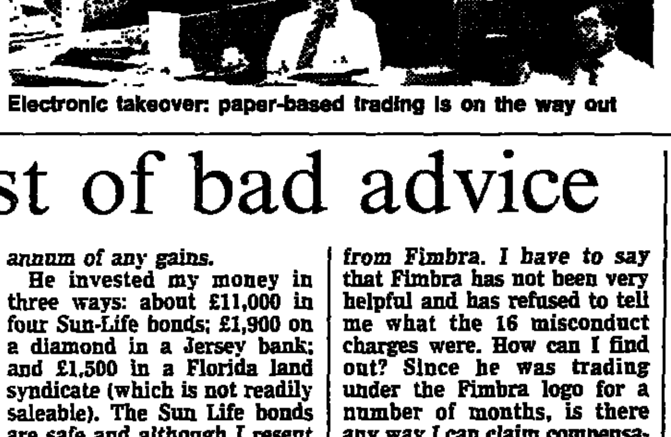
Some brokers already appear to have problems dealing with paper work and inputting information into computers accurately. They are likely to have even more problems if they feel they can blame it on Taurus

There needs to be additional compensation, along the lines of that in the government's citizen's charter where utility companies will have to pay compensation if guaranteed standards are not met.

If a broker or company controller fails to register shares in the correct name, or records the number of shares wrongly, or even fails to register the shares at all, it could prove time consuming and aggravating for an investor to get the broker/controller to put matters right.

To lessen the likelihood of such errors, and to speed corrections, there should be a payment of £25 plus 0.5 per cent per week of the value of the shares purchased or sold for every week that the error remains uncorrected.

If Taurus is as foolproof as is claimed then the stock exchange should welcome such additional payments, as the likelihood of making any errors would be minimal and the costs of such a scheme negligible. It will be interesting to see if the exchange is willing to put its members' money where its mouth is.



Electronic takeover: paper-based trading is on the way out

Trevor Humphries

Auctioneer Alan Davies at Dowell Lloyd auction galleries: a recession 'pulls in the bargain-hunters'

An auctioneer's happy lot

Roy Hodson on a company that is thriving in the recession

THE RECESSION has made Alan Davies a happy man. Hard times draw bargain-hunters to the salerooms, and Davies is proprietor and chief auctioneer of Dowell Lloyd auction galleries in Putney, London, where everything from jewellery, furniture, mountain bikes and lots such as "six items of ladies' white lingerie" go under the hammer.

Davies expects his turnover to increase by more than 10 per cent in 1991. He says his sales should gross between £4m and £5m by the year's end, which will give his business a record fee income of just under £1m. He charges sellers a commission of 12½ per cent, and buyers pay a 10 per cent premium. "Better than the docks", he says with a grin.

Some 25 years ago he was one of the dwindling band of London dockers. He remembers picking up a week's fall-back pay of just four pounds seven shillings and sixpence when there was no work.

Many of his sales are evidence of human frailties. He disposes of unclaimed stolen goods for the Metropolitan Police (the proceeds go to charities), goods seized by the Customs and Excise and items left by passengers at Heathrow Airport.

The police sales include great numbers of car radios, television sets, computers, bicycles, tennis and squash racquets, and tool kits. Customs sales can include wines, perfumes and new clothes. Heathrow produces big stocks of cameras, bags of duty-free purchases, and suitcases.

Davies joined the firm as a driver 17 years ago. After a while he was allowed to work at cataloguing sale goods and found that his love of furniture (he was a self-taught furniture restorer) helped him develop an expert eye for valuations. He became a director, persuaded his fellow directors to move to a much bigger saleroom in Putney Bridge Road and, five years ago, bought them out.

Davies needed £100,000 to buy the business. He found it in a variety of ways: mortgaging his house, borrowing from the bank, and arranging private loans. He has seen the saleroom turnover increase threefold from £1.5m a year. Everything has been paid back and the business has money in the bank.

Dowell Lloyd has become a true family business. Davies's wife Maureen runs the office. Their two sons, Lee, 21, and Spencer, 18, both work there, as do Maureen's parents. The number of staff has risen to 13.

Davies has secured the future of the business as far as he is able with a 25-year lease on the auction galleries and the freehold ownership of a substantial warehouse nearby.

He does everything he can to make his sales jolly occasions. They are far removed from the atmosphere of mystery and elitism that can pervade auction houses in the West End of London. His jewellery sales, which account for one-third of business, are held every Tuesday morning in a special room. Many of the lots come from pawnbrokers who are obliged by law to sell through the trade. Buyers turn up from continental Europe and some Australians fly in to buy stock for their home market.

The real fun is to be found down on the main auction floor where crowds drift round inspecting the items to be sold. Davies loves selling and has been known to put 1,000 items under the hammer himself on a good day without getting hoarse. "I crack a few jokes and the time goes ever so quickly," he says.

Goods come and go quickly in the Putney auction galleries. Davies and his staff will lay out the lots for a sale and catalogue them in just two days. The catalogues are then printed on his desk-top publishing outfit. Public viewing is permitted for the whole of the following day. The day after that the sale is held.

A punter in this sale room can forget such sophisticated techniques as bidding by a wink, a nod or the flick of a catalogue. Potential bidders collect number cards and have to hold them high. With this straightforward approach Davies aims to shift up to 2,000 lots a week.

What are his plans for the future? He is desperately keen to sell higher value goods. He says: "We have sales just as well-attended as any in the West End. In furniture and jewellery and a great many general items we have the expertise. I want to turn over twice as much money as I am now for the same number of sales. That is my ambition."

■ *Dowell Lloyd and Co. Putney Auction Galleries, 118 Putney Bridge Road, London SW15 2NQ. Tel: 081-788-7777*

The cost of bad advice

I AM hoping you may be able to give some advice on what I should do about a financial adviser with whom I invested in 1983. In 1989 he ceased trading and in August 1990 was fined £10,000 over 16 Fimbra charges. I am still trying to get back what is left of my money. I have already spent too much employing a solicitor, who advised that to sue would be difficult, as the adviser claims his erroneous over-valuations were not fraudulent, and that it is hard luck for me and other clients that he was wrong and happened to have made bad investments. He has divorced his wife, paying her a large sum, and is reputed to be working hard to avoid bankruptcy, so he may not be worth suing anyway.

My investment advisory agreement was so loosely worded that it committed him to using our best endeavours and the fee was 10 per cent per annum of any gains.

He invested my money in three ways: about £11,000 in four Sun-Life bonds; £1,900 on a diamond in a Jersey bank; and £1,500 in a Florida land syndicate (which is not readily saleable). The Sun Life bonds are safe and although I resent the fact that I was locked in for 10 years by heavy surrender penalties I am negotiating with Sun Life for a waiver. The Florida land asset is being injected into a company, so that shares can be bought and sold. Most seriously, without having a formal, and costly, valuation every year he estimated the value of my diamond as £2,560 and based his 10 per cent charge on this. When I had it valued it turned out to be worth only £899, with selling costs likely to reduce that.

This adviser has made me about £20,000 poorer and there seems no way of obtaining compensation from him or from Fimbra. I have to say that Fimbra has not been very helpful and has refused to tell me what the 16 misconduct charges were. How can I find out? Since he was trading under the Fimbra logo for a number of months, is there any way I can claim compensation from the central funds or from the adviser personally once the losses are realised?

■ Unfortunately there does not seem to be an available claim against Fimbra if the investments made are still available to you. You should press Fimbra to state the charges, and if necessary, enlist the assistance of your Member of Parliament.

A question of interest

I AM A basic rate tax payer. I was recently made redundant and since then I have been living solely on investment income, which is likely to be about £12,000 gross for 1991-92. How will the Inland Revenue treat building society interest which is paid net of tax (ie which has already been taxed before I receive it)? Will they treat it as income to be taxed again, or can I safely assume that this will not be subject to income tax provided I remain a basic rate taxpayer?

■ For 1991-92 onwards, UK building society interest is subject to basic rate tax – so as a basic rate taxpayer, you would have no further tax to pay on it. The tax would be repayable if, for example, part or all of your personal allowance had to be set against the UK building society interest. You may like to ask your tax office for the free pamphlet IR111 (1991) – How to claim a repayment of tax on bank and building society interest.

Expensive bed and breakfast

MY WIFE wishes to do a bed and breakfast deal involving the sale and purchase of shares valued at approximately £8,000. However, this will cost 1.65 per cent or approximately £130 – which seems a wholly unacceptable cost for a simple transfer out and in. Can you tell me, please if there is any necessity to do the deal through a stockbroker or is the deal through two individuals – related or unrelated – legally acceptable to the tax authorities? Is there a necessity to pay stamp duty? Presumably it is necessary to demonstrate a physical transfer of financial consideration.

■ The essential feature of a bed and breakfast is that there must be no arrangement between the parties on day one (the day of the bed sale) that a similar parcel of shares will be purchased on day two. This is easy to achieve on the stock exchange, provided that the appropriate procedure is scrupulously complied with, but if the other party is a friend it is unlikely that a panel of general commissioners would accept that there was no understanding on day one (the day of the bed sale) that the breakfast purchase would take place on day two (or later).

Either stamp duty or more likely stamp duty reserve tax must be paid.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	11.00%	Yly
Nottingham BS	*Capital Postal AC*	*0602 481444*	*Instant*	£5,000	12.00%	Yly
			Instant	£50,000	12.25%	Yly
Allied Trust	2 Month Notice AC	071 626 0879	2 Months	£2,001	12.01%	Yly
National Counties BS	90 Day A/C	0372 742211	90 Day	£20,000	12.15%	Yly
Lambeth BS	2 Yr Term Share	071 928 1331	2 Year	£500	12.20%	Yly
Nationwide BS	Postal Bond	0793 694 465	2 Year	£25,000	12.50%	Yly
TESSAs (Tax Free)						
National Counties BS		0372 742211	5 Year	£3,000	13.75%	Yly
Darlington BS		*0325 487171*	*5 Year*	£1	13.50%	Yly
Lambeth BS		071 928 1331	5 Year	£20	13.40%	Yly
Cheshunt		0992 26261	5 Year	£1	13.50%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.50%	Yly
UDT	*Capital Plus*	*0734 580411*	*Instant*	£1,000	10.50%	Qly
Chelsea BS	Classic P/Acc	0242 521391	Instant	£10,000	11.20%	Yly
				£25,000	11.70%	Yly
Northern Rock BS	*Current A/C*	*091 285 7191*	*Instant*	£25,000	11.16%	Mly
OFFSHORE ACCOUNTS (Gross)						
Yorkshire BS Guernsey	Key Access	0481 719898	Instant	£25,000	11.40%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	12.00%	Yly
Bradford & Bingley Douglas	Maximiser Ind	0624 662883	90 Day	£5,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£50,000	12.50%	Yly
C & G Channel Islands Ltd	Guernsey Bond	0481 715422	12 Mth	£10,000	11.65%	OM
GUARANTEED INCOME BONDS (Net)						
American Life FN		081 680 7153	1 Year	£50,000	9.10%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	9.00%	Yly
Providence Capitol FN		0256 768888	4 Year	£25,000	9.35%	Yly
Liberty Life FN		081 440 8210	5 Year	£25,000	9.60%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	10.25%	Yly
	Income Bonds		*3 Month*	£2,000	11.75%	Mly
11.00% wef 13.9.91						
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50%F + Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

All rates (except Guaranteed Income Bonds) are shown Gross
* = Gross Equivalent Rate. Fixed; Fixed Rate (All other rates are variable. OM = Interest paid on maturity. N = Net Rate, B = Bond
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham Hours, Stalham, Norwich.

TRAVEL/GOLF HOLIDAYS

New Zealand: it really is a fairway to heaven

Alan Ponsford finds that the attractions of golf, Kiwi-style, are worth the effort of getting there

AS THE man said, it's a long way for a game of golf.

New Zealand is a long way to go for anything from nearly everywhere, but the 1m people a year who make the journey find New Zealand well worth it: a green and pleasant land full of gentle and grandiose landscapes, seemingly near-empty of people and traffic – and awash with golf courses.

First-timers are happy to be led down well-worn paths to Rotorua's sulphurous geysers, into Waitomo's glow-worm caves and over Cook Strait to the soaring panoramas of the South Island's snow-shrouded Alps, Mount Cook, lakeside Queenstown and the deep-cut sounds that indent Fiordland.

The conventional circuit is an orderly introduction to this vibrant country. But superior, seasoned sixth- or seventh-timers like us, having long since been there and done that, tend to be sniffy about such predictable pursuits.

So, on a shorter-than-usual trip, we devised a modest game-plan code-named golf-with-everything. Its objective was to pair some of the strongest attractions and pastimes with plenty of cheap, uncluttered golf. We imagined ourselves on a week's stop-over in the North Island, driving a rented car (or camper-van) within a few hours' radius of Auckland.

We had brought clubs (which in business or first-class can be counted as one of your two pieces of baggage) in the knowledge that in Kiwiland, somewhat bigger than the UK, there are not many more than 3m inhabitants but 400 golf courses.

As one club pro put it, the Kiwis are obsessed with sport; moreover, golf courses are especially under-populated in the balmy months of November to April, for Kiwi golf is more a winter game; in summer it loses out to a multitude of other activities.

The result is rich dividends for visitors, who can turn in off the road, uninvited, unbooked but warmly welcomed, and usually walk straight on to the first tee for a typical green fee of about £4, plus a mite more for a trundler, Kiwi parlance for a trolley.

Facilities like club houses tend to be less palatial in NZ, but are generally comfortable enough, their 19th holes propped up by laid-back, genial locals anxious to demonstrate their hospitality by buying you shatteringly chilled beers.

Collectors of golf curiosities could assemble from the two NZ islands a wealth of stories to dine out on. They could, for example, be sure of the world's first round of any given day by popping over to remote Chatham Island, which nudges the early side of the International Date Line, 500 miles east of Christchurch. There, two windy nine-holers reminiscent of Scottish links catch the first rays of the morning sun.

Or they might stake their claim to having played closest to Antarctica on arguably the most southern-most courses on Earth, below the 46th parallel, near Invercargill.

Around Rotorua, steaming thermal orifices and burping molten mud-pools will make them apprehensive of sticking a tee in the ground. But they would certainly enjoy farmers' courses, whose greens may be guarded by electric fences from the sheep who graze on and fertilise the fairways. They might even encounter the notices that reportedly allow a free drop two club-lengths from a new-born lamb.

Generally, though, NZ's golf courses are predominantly scenic, not odd. We had thought of making the 3½-hour drive north to the excellent specimen at Waitangi, in the lovely Bay of Islands. It is near the preserved site of the signing in 1840 of the treaty that made peace between the settlers and the Maori chiefs.

However, this hardly fitted with our intended southerly itinerary, so we settled for a halfway house – a 1¼-hour drive up to Omaha Beach (named from Maori). It is an outing that nicely combines a sampling of countryside, tiny towns and sea-shores.

Among the sand-dunes a few score Aucklanders have their "baches," their second homes for week-ends and holidays, and proudly nourish a flat, unpretentious but by no means simple course that skirts a lagoon skimmed by flocks of racing wind-surfers.

Pointed south next day with more serious, longer-distance intentions, we headed for the Bay of Plenty, so aptly named by Captain Cook. We were to by-pass the lush Coromandel peninsula, despite its fascinating relics of a colonial and mining past and the temptations of a dozen golf courses.

Along the way we stopped to see a new example of the elegant retreats we had previously found hidden among more distant mountains and lakes of the North islands. This one, the Hotel du Vin, had obvious potential for relaxed business occasions, being less than an hour out of Auckland yet tucked into rolling hills and providing recently-built suites and conference rooms.

We found the twin towns of Mount Maunganui and Tauranga a congenial gateway to the bountiful Bay of Plenty, whose blissful climate and beaches were still drawing lots of holiday-makers in mid-January. So it took a while to find accommodation in motels and motor inns.

Mount Maunganui golf club had been recommended as representative of the country's many undulating, verdant courses, and so it proved. Watered fairways, still green under a hot sun, were lined with pines punctuated by the scarlet blossoms of *pohutukawa* trees.

From some fairways a sliced three-iron would reach the pale beach, where non-playing members of the family could be parked for good swimming in clear water. Off-shore there is exceptional big game fishing.

The posted green fees included a rare NZ$25 (£7.80) for visitors without evidence of membership of another club. But that was just to keep out the beach-bums, said the pro; no-one actually paid more than NZ$15.

That night we were to try a popular tourist feature, a farm stay. We were briefed to call first at the tiny office of Rural Tours in the wide main street of nearby Cambridge, a pretty town in the heart of bloodstock territory, to pay our money.

Our hosts, Ollie and Irene, greeted and cosseted us with remarkable indulgence considering they normally expected guests for 6pm "tea," and were faced by two sweaty Pommie wimps who had assumed that dinner was at 8pm. The evening turned out cosy and family-like and was rounded off by a video viewing of their prize fillies winning races in Auckland.

We skipped Rotorua. Its malodorous thermal manifestations and Mauri displays are interesting once or even twice, but its downtown district is tatty. However, the surrounding terrain – mountains, rivers, lakes – is inspiring and remains so all the way down to blissful Lake Taupo.

This is where rainbow, brown and brook trout make fishermen's dreams come true. Golfers take off up the road to a course that has been acclaimed, potentially, as one of the world's best, though it has meagre provision for creature comforts. It is Wairakei International, currently focus of much apprehension by Kiwi golfers because it has been bought by the Japanese. Asian money is also financing a new course being designed by Bob Charles near Arrowtown in the South Island.

The wealth of good things that can be combined with the game of golf in NZ is impressive. But perhaps the most diverting is driving the under-populated highways and seeing the bougainvillea, hibiscus, lemon trees, giant ferns and palm trees that remind you this is not England after all. The golf courses and green fees have the same effect.

■ Both Air New Zealand and British Airways fly from London to New Zealand three times a week.

There is a wealth of tours, taking in all forms of accommodation and activities. Rural Tours' Farm and Country Stays programme has 290 locations on farms and in other country places, on lakes and in towns. Dinner, bed and breakfast costs about £26.50 (NZ$85) per person per night. An excellent book, New Zealand Golf Courses, lists all of them and describes most with diagrams.

Information: New Zealand Tourism Office, New Zealand House, Haymarket, London SW1Y 4TQ, tel: 071-973-0360.

Plenty of packages

THERE ARE various specialist brochures available for those who want to book a packaged golf holiday, or put their own together, *writes Michael Thompson-Noel*:

■ A few weeks ago British Airways launched its first golf holiday programme featuring weekend breaks with free golf from £209 and seven-day holidays (inclusive of green fees) from £288. Based mainly on BA scheduled services for departures between October 1991 and September 1992, the BA brochure features the Algarve, Lisbon, the Costa del Sol, Florida, South Carolina and Bermuda.

In Florida, seven days' golf and tennis at Orlando's Grenelefe Resort start from £599.

Reservations: 0293-611311.

■ There are more than 420 golf courses in Scotland, more per head than anywhere else, says the Scottish Tourist Board, which has produced a good map, *Scotland's Golf Courses*. The map is free from the STB, 23 Ravelston Terrace, Edinburgh EH4 3EU.

■ A new company, Into Africa, is now organising personal and flexible golf tours of South Africa. There are two core itineraries utilising top golf resorts, country houses and game lodges offering different two-week holidays: Safari Golf, based on Natal and the Eastern Transvaal; and Cape Golf: more sedate, exploring Cape Town, the nearby winelands and the coastal Garden Route.

Bookings and details from Carrier Travel, tel: 0625-583210, or any approved ABTA agent.

■ Eurogolf says it is the oldest golf holiday company in the UK, and that it offers the widest choice of destinations in France, Ireland, Portugal, Spain, the US and Caribbean. It also organises amateur tournaments in the Algarve and France.

Tel: 0727-42256.

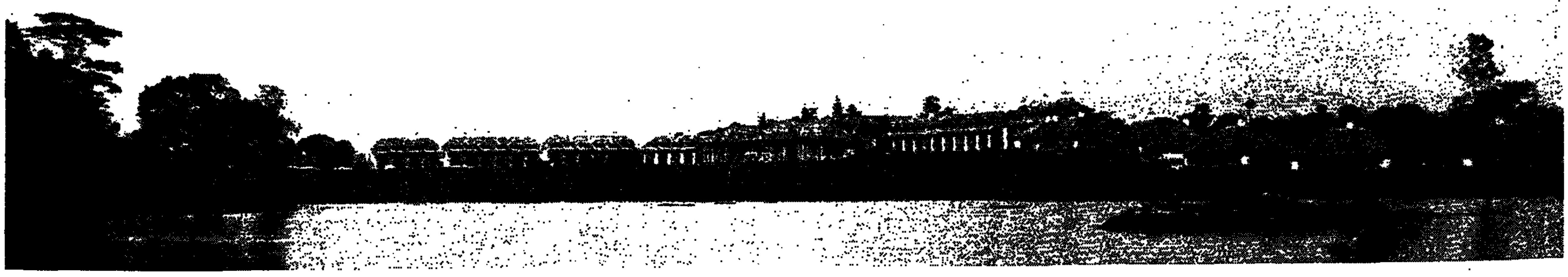
■ Country Club Hotels, whose brochure includes some of Britain's most attractive golf-hotels, has expanded its tuition breaks with 43 residential instruction schools at eight locations, running until October. Part of Whitbread, Country Club Hotels offer excellent sport and leisure facilities for non-golfers, including squash, tennis and indoor heated swimming pools. Properties in the brochure include St Pierre Hotel, Chepstow; Forest of Arden Hotel, near Coventry; Goodwood Park Hotel, West Sussex, and Breadsall Priory Hotel, near Derby.

Tel: 0582-396969.

■ A fat and useful brochure of (fairly) cheap-and-cheerful holidays is that of Sol-Golf Holidays, part of Meon Travel, which runs to October 1992. Meon already operates the Longshot Golf programme.

Tel: 0730-68621.

TRAVEL/GOLF HOLIDAYS



UPHEAVALS in the Soviet Union and the Gulf war make 1991 the blackest year most people in the travel business can recall, *writes Michael Thompson-Noel*.

"1991 is the year I have forgotten," says Geoffrey Kent, co-owner (with his wife Jorie) of Abercrombie & Kent, the up-market travel company.

Yet life goes on. Although it has seen various rival tour companies perish by the wayside this year, A&K has big plans for 1992 and beyond, including golf, which slots neatly into the fastidiously-run travel operation — safaris, far-flung expeditions, luxury train rides, Nile cruises on its own boats, what have you — that Kent has put together since 1962. These days, says Kent, A&K has 1,600 employees in 14 locations, handles 100,000 clients a year and turns over about $140m.

Its current interest in golf is focused on the Windsor Golf and Country Club (pictured), a five-star, 130-room resort-hotel about 15 minutes from the centre of Nairobi which is due to open on November 15. According to A&K's Windsor Hotels division: "The property will offer a new standard of accommodation, leisure and conference facilities in Kenya."

It features an excellent 18-hole lay-out — the first to be built in east or central Africa in more than 25 years and the first in that region to offer the facilities of an international-class hotel on-site. There are also tennis and squash courts, an outdoor swimming pool, club house with pro shop and resident coach, bowls, croquet, fishing and a private forest. The recently-appointed executive chef at Windsor is Richard Tonks, formerly a Roux brothers protegé who was executive chef at the Bath Spa Hotel.

Windsor Hotels also runs a number of luxury tented camps and lodges in Kenya and Tanzania, and will put together itineraries that combine golf holidays with a safari trip (or vice versa) for individuals or groups.

These properties include Kichwa Tembo, a luxury tented camp in the Maasai Mara; Siana Springs, also in the Mara; Island Camp at Lake Baringo, north of Nairobi, in the Rift Valley; Ngorongoro Crater Lodge, Tanzania, and Mount Meru Game Lodge, Tanzania, in the shadow of Mt Kilimanjaro. A new property, Serengeti Springs, Tanzania, is due to open in December 1992.

■ Safari details: A&K, London, tel: 071-730-9600. In the UK, golf details for Windsor G&CC can be had from Unique Hotels at The Old Warehouse, Old Market, Nailsworth, Glos, GL6 ODU, tel: 0453-835801. In Kenya: Windsor Hotels International, Prudential Building, Wabera Street, PO Box 74957, Nairobi, fax: 254-2-726328.

David Burr of Unique Hotels says that for UK golfers, seven nights at Windsor (dinner, breakfast, one round of golf daily) will cost £750 per person, including flights. As an add-on, two nights' game-watching in the Mara would cost £200 per person.

Find your tees, without queues

*Be careful of wind when playing in France, cautions **Kevin Pilley***

IN HIS CEASELESS search for perfection, every golfer is looking for a magic formula: an extra something that will improve his or her game; that clever little tip which will give greater consistency to long-iron play; that minor technical adjustment to grip that will make all the difference to putting strokes.

But no-one has bothered to provide the golfing public with specific instructions or practical suggestions about how to play well on the French side of the English Channel. This is surprising, because golfing in France is becoming increasingly, and deservedly, popular.

With unrelenting arrogance, many British golfers still believe that their golf courses, especially their historically-precious seaside links, are the real thing and that anything else, especially anything continental, must be artificial and inferior.

Although their facilities may not be lavish compared with some British courses (you can only get toasted sandwiches at certain times of day) French courses such as Le Touquet, Hardelot and Wimereux – only 1½ hours in a ferry from Dover or 15 minutes by aeroplane from Lydd airport in Kent – offer a test of any golfer's ability and temperament, but with a difference.

To be a good player in Britain it is vital you queue. If you cannot queue you will never get on. In France, however, queuing is not an integral part of the game. You do not need to pack a novel in your golf bag to keep you occupied between shots. The courses are largely empty apart from the odd four-ball from Essex zig-zagging across fairways and crying *"quatre."*

Although increasingly fond of building golf courses, the French have not taken to playing the game in great numbers. Golf still ranks third behind mustard-making and pastry-creating. The tees, therefore, are easy to reserve even at relatively short notice, and the courses underplayed and in good condition even in mid-summer.

Golf in France presents a daunting challenge for even the most experienced and patient of players. The old course at Hardelot, opened in 1931 and designed by a British architect, is a beautiful course laid out through a Picardy pine forest. The new course is equally testing and no less scenic. Trees and deep undergrowth line nearly every hole at Hardelot: the more balls you lose the lighter your bag becomes. Buggies (or *chariots*) are available at about £20 a round. A day ticket costs about £30.

However, if you are going to play Hardelot you should first make sure you understand the course's water-sprinkler system. The sprinklers at Hardelot are difficult to read. You think they are going one way so they go the other and soak you.

Hardelot golf club has numerous bunkers and much impenetrable rough, but what makes both its courses so hard is its award-winning restaurant behind the last green of the old course from where you watch others scrutinising their final putts while you go to school on the wine list.

An excellent meal costs around £30 per head, excluding wine. Le Manoir Hotel opposite the great links course down the coast at Le Touquet is an equally delightful place to eat as well as stay, but again – be careful how much you eat.

Too many times golfers new to France have come to grief after an over-indulgent lunch. You have to take into account wind when playing a course like Le Touquet, while *le filet mignon* at Le Manoir can play havoc with your weight transference.

The charm of a golfing break in France is the bliss of its fixed menus, the beauty and uncrowdedness of its courses and the unsnottiness of its clubs, which have casual rather than strict dress codes and not only allow but encourage white socks in the players' bar. Four-balls from Essex are welcomed.

The courses are not long. Wimereux, a flat, rugged links four miles north of Boulogne, is 6,150 metres off the *blanc* tees. Hardelot Ancien is only 5,870m, which includes six par 5's and five par 3's. There are few blind shots and pin positions are inviting, mainly because there are so few people on the course and less chance of those in front of you forgetting to put the flag back once they have finished.

To play well and enjoy golf in France you must eat sensibly and drive straight. Perhaps that is why the French themselves do not seem to like playing.

■ Kevin Pilley's trip was organised by French Golf Holidays, which offers packaged trips (ferry, hotel, tee times) to 50 French courses. Guide prices: £130-£250 for two nights. Brochure: PO Box 835, Brentwood, Essex CM13 3QQ, tel: 0277-811082.

States of bliss — for a price

THE FIRST golf course I played on in America wasn't in America, it was in Bermuda. I was on my way home after working in the US for a year. The day after arriving I tackled Belmont Harbour golf course. I had clubs, a bag, balls and, regrettably, a quick hook. What I didn't have was a pair of shoes. "They'll do," I said, after trying on a snazzy black-and-white pair. "That'll be $54," I was told. I gulped.

If golf in America is a pain in the wallet, it is a pleasure in every other way. In the US, everything is bigger from tees to fees, drinks to divots. Highgate, my home club in Britain, is laid out on 80 acres. In the US there are clubs with practice grounds that size.

Inside the massive clubhouses are lavish men's locker rooms offering half-a-dozen varieties of deodorant, shaving cream, after-shave, combs, hair creams. At Medinah you are given paper slippers to walk to and from the showers. It is a primitive locker room that does not have a resident shoe-shine man. Nearby will be a grill room, several bars, a man to park the car as you arrive at the clubhouse, another to unload your clubs and a third to clean them for you.

So much for the inside of American clubhouses. The outside parts aren't too shabby either, with metal baskets filled with clean, white balls on the driving range, a putting green, a chipping green and several practice bunkers.

Though it can take forever to complete a round of golf in the US because everyone holes out everything, playing golf there has a particular appeal at present. In the 1950s and '60s, it was unheard of for Europeans to travel to the US for golf. It was too far and too expensive. In the '70s, the places to play were Spain and Portugal. But now that Spanish green fees are exorbitant and the courses crowded, it is time to go west.

It is easy to get to the US. You get on a plane, fly for a few hours and when you get off you find that the locals are pleased to see you. I have three favourite golfing areas in the US: Florida, the Carolina and Georgia coastal resorts, and the Monterey Peninsula south of San Francisco.

Florida first. There were 1,000 courses in Florida at the last count and the sun shines on them most days of the year. You will like Florida if you like water hazards. As the highest point in the sunshine state is only a few feet above sea level, water is found every time earth is dug to create a bunker. Thus the equation: every 10 bunkers equal a man-made lake.

Lake Nona near Orlando is a project developed by Sunleys, the builders. Its appeal was that it didn't overpower me. David Leadbetter, the noted golf teacher, is based at Lake Nona.

The courses of Myrtle Beach in south Carolina, Amelia Island, Hilton Head island and, better still, the splendid new courses just off Hilton Head, offer all the comforts of traditional American golf with the occasional blast of Atlantic spume from the odd seaward hole. From the Florida Keys to Norfolk, Virginia, these coastal courses and resorts stretch like a necklace. My favourite area, though, is California's Monterey Peninsula, and my favourite course is Cypress Point.

Golf in the US bears little resemblance to golf in Britain. From the moment you announce yourself to the security people at the main entrance you are cosseted at every turn. It is unashamedly élitist. You won't see many blacks, nor the impoverished, nor women. Greens will be undulating and so fast you might be afraid to take your putter back on a downhill putt. You may be forced to rent a golf cart. My advice is to lie back and enjoy it.

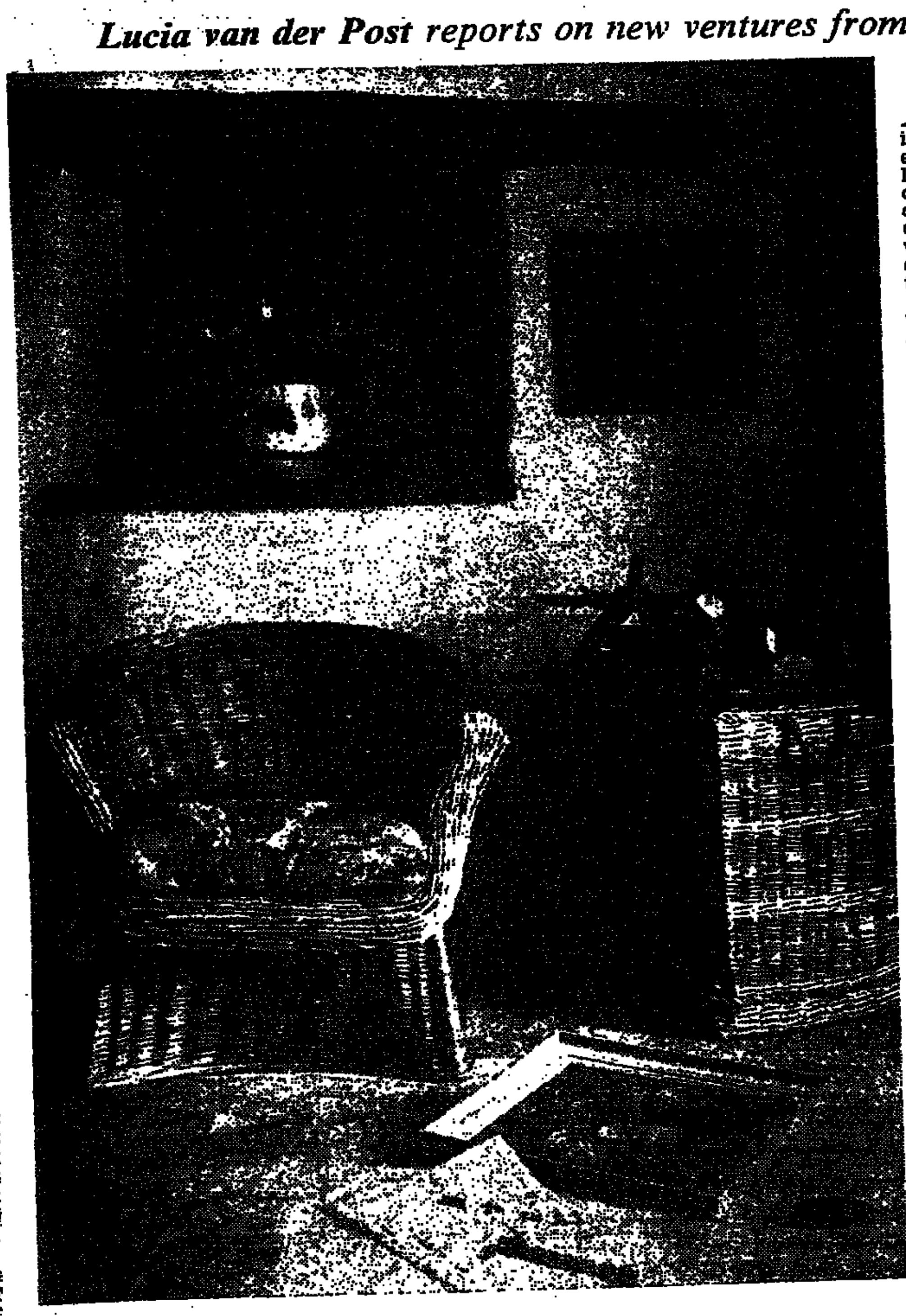
■ Bermuda Tourism: 1 Battersea Church Road, London SW13 3LY, tel: 071-734-8813, fax: 071-352-6501. Florida Division of Tourism, Dept U-GW91, First Floor, 18-24 Westbourne Grove, London W2 5RH.

John Hopkins

HOW TO SPEND IT

The designer label goes domestic

Lucia van der Post reports on new ventures from Mulberry and Ralph Lauren — dream home furnishings for the nineties woman



ACCORDING to the pundits who purport to be experts in such things spending habits are changing. Whereas eighties woman spent what is lightly referred to as her "discretionary income" on a new designer jacket or some Manolo Blahnik shoes, nineties woman buys a sofa (or new curtains, or a conservatory . . . you get the drift).

Lovely soft, family-orientated nineties woman has, it seems, been looking for new places to take her "discretionary income". It is true that there is Laura Ashley and The Conran Shop, there is Heal's and Habitat, but lovely though they all are this still left a certain sort of woman, the selfsame one who had the penchant for designer jackets, searching for the furnishing props that would provide a fitting setting for the jacket — the domestic equivalent, if you like, of the designer label.

Harvey Nichols, long one of London's most fashionable stores, saw the gap and decided to fill it with two sophisticated big-name home collections. Today it launches the Mulberry "At Home" collection and from October 14 we on this side of the Atlantic will at last be able to buy the seductive props that make up the Ralph Lauren Home Collection.

But first to Mulberry, which starts off today with its first big foray into the domestic interior. Mulberry already has a large and faithful constituency of those who love and recognise its handsome bags, its sturdy luggage, its brass-buttoned blazers, soft tweeds, polo shirts and wax cotton jackets. Started by Roger Saul in 1971 with a £500 birthday present from his parents, there are now 43 Mulberry shops round the world, all of them offering natural outlets for the collection of traditional English furniture and furnishings that make up the Mulberry "At Home" collection.

Mulberry has always been about much, much more than a collection of individual products. Few companies have as strong an identity or home in so successfully on such a potent image — "presenting our clothing and accessories the way we thought was right," says Roger Saul, "has meant that by necessity we've really always been in the decorating business as well. Customers were always coming to us and wanting to buy some of the props so we've almost been driven into providing them with more of the things they would like to buy." In other words, those who like the clothes are almost certain to like the "At Home" collection.

The inspiration for most of it comes from all the best-loved pieces in Roger and his wife Monty's own manor house — champagne glasses are based on one of his 17th century French jelly glasses, one of the fabrics echoes a piece of fabric found behind some panelling, the cutlery came from a lovely old pistol-handled knife with acanthus scrolling and so on.

The result is an eclectic collection ranging through the gamut of English taste from baronial and Tudor to Victorian and early 20th century. There are Knole sofas and pine desks, rounded goblets and wallpapers and fabrics developed from archive designs. There are Lloyd loom pieces and turned wooden candlesticks, upholstered campaign chairs and soft paisley throws. There is twisted Withy (willow) furniture from Somerset, huge log baskets with rope handle and odd pieces of furniture that Saul just happens to like.

He has not aimed to provide his customer with a one-stop package and does not envisage that customers will come in to buy a complete "look" — "I think our customer has a lot of personal confidence in his own sense of style and that he will pick up those pieces that work for him."

Quality is clearly excellent and some 90 per cent of the range is made in Britain. Prices strike me as being at the high end — for example sofas start at £2,000 — but then they are properly sprung, have horsehair wadding and are made on a beech frame in the traditional way.

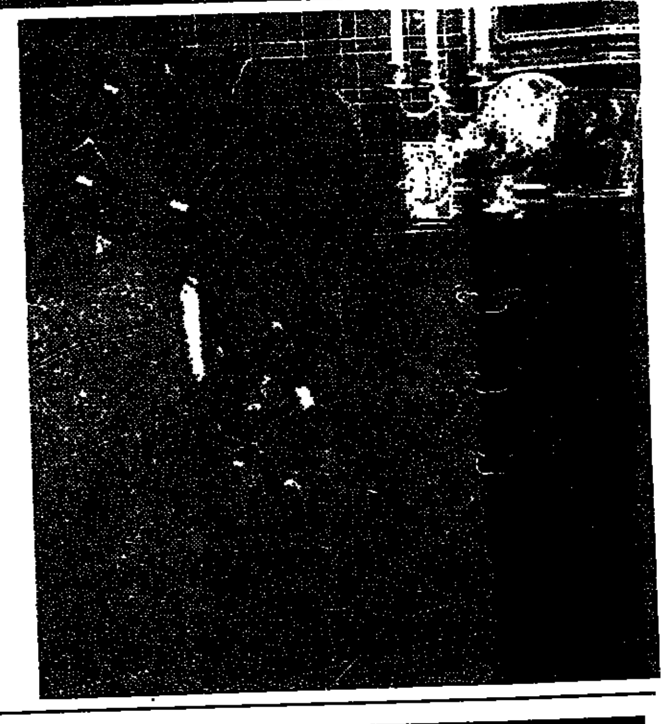
I do not think that everybody will like all of it but almost everybody is bound to like some of it — the paisley throws in soft, gentle colours with tartan borders could have come straight from a Scottish croft; they sell for just £100 and are beautiful. The silver and glass will appeal to those who love rummaging round antique shops but don't quite have the time, the fabrics have a genuinely old-fashioned, gentle, aged look.

Ralph Lauren probably has the most potent and recognisable international image of all. Anybody who has ever visited the home department in the Rhinelander mansion in New York's Manhattan will know that Ralph Lauren country is *special* country. Here in a timeless world the silver always shines, the furniture is old and polished, the flowers are fresh and bountiful and in the wings the blond and beautiful children and the handsome men and women live elegant, leisured lives.

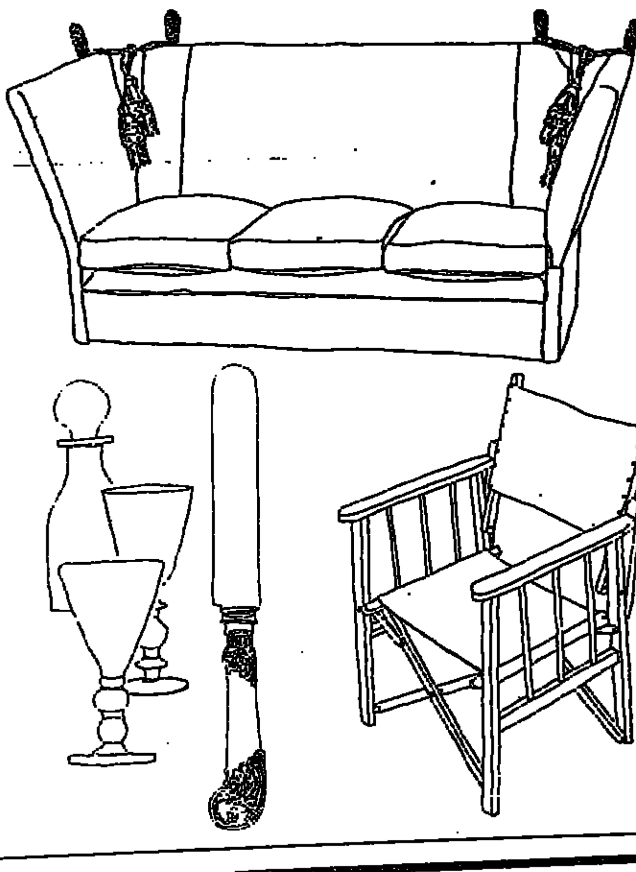
All who have been seduced by these images can, from October 14, buy the props to match. If the fresh washed look of New England is what you aim for then go for the crisp checks and stripes, freshly-coloured, and the simple wrought-iron bedsteads and you could dream that you are there on Cape Cod. Or do you feel more at home with Scottish baronial? Go, then, for glowing rich deep tartans, soft paisleys, old leather, cashmere. Then there is Tuscany — all soft, antiqued colours, reminiscent of old frescoes, faded floral patterns, silk damasks and natural linens.

Ralph Lauren bedrooms are a special world — sumptuously inviting, they specialise in pattern piled on pattern, pillows plumped up and freshly laundered. They come deep and darkly mysterious or fresh, flowered and trimmed with lace. The much-coveted classics, like the plain chambray sheets, the crisp blue and whites, the stripes and checks, the beguiling florals, the classy plain linens will be there, too.

For those who don't have whole rooms or houses to do there will be lots of small and inviting things to buy — tartan-padded hangers, packs of pot-pourri, candles, Christmas spices, towels, pillowcases, all with the potent Ralph Lauren magic. It looks like being a tempting autumn down Harvey Nichols way.



Ralph Lauren style: photographed above is a collection of furniture from the Rattan Peel range, just one of the many moods on offer at the new Ralph Lauren Home Collection department opening in Harvey Nichols on October 14. Shown here in an architect's loft is a sofa, (£1,500 including the canvas seat cushions) and a Tuxedo chair, (£1,400, including the cushions). Extra cushions, in basketweave wicker cotton and herringbone wicker cotton, are £95 and £150, depending on size. The sunbleached cotton throw (these are big this autumn) is £65. Photographed right are pieces from the tartan collection: the Devonshire wing chair in Black Watch tartan is £1,900, the tartan mahogany dresser is £6,000, the cushion is £200. Though the bigger pieces in the tartan collection are highly-priced the small things — coat hangers, tablecloths, napkins, plates — are more accessible.



The Mulberry "At Home" collection features an eclectic selection of furniture and glass, fabrics and wallpapers, silver and accessories mostly inspired by pieces from the Somerset home of Mulberry's owners, Roger and Monty Saul. Photographed above are two pieces of furniture made from natural grey willow — the chair is £495, the balloon basket (very like a hot air balloon basket) is £275. Sketched top right is the Knole sofa, based on a very traditional design and finished with the proper braids. The two-seater version starts at £2,900, the three-seater at £3,500. It can be covered in one of the gentle linen union fabrics or in chenille. Sketched bottom near right is a range of Mulberry glass — the Bristol blue glass decanter comes in three sizes (water, whisky, port) and prices range from £155 to £195 while the glasses range from £19.50 to £29.50. The acanthus-scrolled pistol-handled knife in silver plate is £27.50 (also available in solid silver at £95.) Sketched far right is a director's chair which comes with printed linen union or chenille fabric, £195 and £225.

Cookery/**Philippa Davenport**

Vegetarian? Stuff the vegetables . . .

THERE WAS a time when both home cooks and chefs felt flustered if asked to cater for vegetarians, and almost inevitably they produced an omelette. How fed up with eggs vegetarians must have been.

Now cooking for vegetarians seems more pleasing than daunting. The meatless dishes that spring to mind are many and richly varied. It is almost more difficult to decide on which dish to cook for vegetarians than for meat-eaters.

This is probably the best time of year for cooking stuffed vegetables as so many of the candidate ingredients are in their prime. Another factor in their favour is that they look as appetising as they taste. Even diehard carnivores will tuck in with delighted greed, unaware that they are enjoying a meal without meat unless someone points it out.

I am particularly fond of red peppers, as lustrous as Chinese lacquer, roasted with a stuffing of fennel, tomatoes and garlic. I am also fond of aubergines richly filled with toasted pinenuts, sesame seeds, couscous, cinnamon and cumin; and of tomatoes cupped around rice turned green with lashings of pesto.

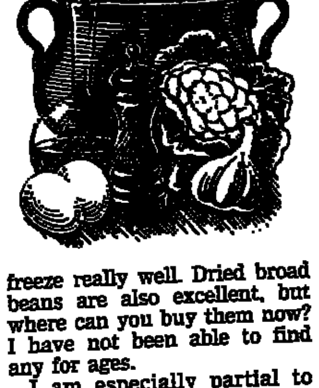
More delicately flavoured favourites include courgettes baked with a mixture of soft cheese, eggs, fresh herbs, Parmesan and breadcrumbs mounded into their boat-like hollows; and a lovely dish of globe artichokes I learnt this summer from Alfonso Imperato of the Hotel Panorama Palace in Maiori.

The artichokes were trimmed of all coarse leaf tips, inner caps of lilac-tinted immature leaves, and chokes. The cavities were stuffed with a mixture of lemon, thyme, parsley, garlic and breadcrumbs bound with beaten egg, and the vegetables were cooked in a pan with the peeled artichoke stalks and potatoes tucked in between them, with water to cover and a good splash each of lemon juice and olive oil. When they were tender most of the liquid was driven off leaving a little fragrant gravy.

Now is the high season for homegrown peas and beans. Peas past the first flush of youth benefit from stewing gently with button onions, shredded lettuce, diced cucumber, butter or olive oil and seasonings. I like to stir the mixture into a soupily creamy risotto for a Parmesan-less variation on *risi e bisi*.

Runner beans that are verging on old age pensioner status can be deliciously redeemed by stewing in the Turkish manner with tomatoes, onions and garlic. Runner beans that are still juvenile sprinters make a quick and easy treat if cut into short lengths, steamed and served with a hot nut oil and lemon dressing plus a handful of fried hazels. Serve them with bread to mop up the sauce, or bed them on couscous, wild rice or quinoa with extra nuts and a few nasturtium or marigold petals.

Young broad beans are exquisite but their youth is not crucial. The jade green flesh of elderly specimens is mealy and good; to enjoy it peel away the beans' leathery jerkins as well as their pods. Broad beans are one of the few vegetables that



freeze really well. Dried broad beans are also excellent, but where can you buy them now? I have not been able to find any for ages.

I am especially partial to broad bean soups. The one given below is satisfyingly thick and peasanty, not the sort of thing for a refined dinner party menu but a splendid choice for, say, Sunday supper with good bread, cheese and fresh fruit to follow.

My second recipe is also for robust appetites, a rustic fruit tart made with a bread base, not pastry. I include it here because I have noticed that just as carnivores love meat, so vegetarians love puddings. I have yet to meet one who does not have a sweet tooth.

BROAD BEAN SOUP WITH CORIANDER

(serves 5-6)

I have written this recipe for frozen beans so the soup can be conjured up in the twinkling of an eye but it can of course be made with fresh ones. If they are elderly beans slip them out of their skins as well as their pods and allow longer cooking time. Very young beans can be sliced complete with their pods:

a potato weighing about 6 oz; 1 lb frozen broad beans; 2 garlic cloves; 2 tablespoons olive oil; 3-4 tablespoons chopped coriander leaves.

Peel and dice the potato, crush the garlic with 1 teaspoon of salt and simmer in 1 pt water in a covered pan until nearly tender. Add the beans and complete cooking.

Remove half the beans with a slotted spoon. Whizz the remaining contents of the pan together with the olive oil to make a thick puree. Stir in the coriander. Dilute with a generous ¾pt water, or more to give a consistency you like.

Return the soup to the pan, add the reserved whole beans, reheat and check seasoning before serving.

RUSTIC PLUM TART

(serves 8 or more)

This recipe celebrates the fact that after two poor seasons 1991 is the year of the plum. It is brilliant made with greengages (also lovely with apricots) and I am sure it will be good with purple plums — although I might be tempted then to replace the flavourings of lemon zest with orange and vanilla sugar with cinnamon. It makes all the difference to part bake the bread tart before adding the fruit, an idea I have copied gratefully from Lynda Brown's advice on pizza-making.

Approximately 1¼ lb greengages; ½ oz melted butter; 2½ tablespoons vanilla sugar. For the dough: ½ lb strong white bread flour, preferably stone ground; half a packet of Harvest Gold easy-blend yeast; 1½ teaspoons vanilla sugar; the finely grated zest of a lemon; ¼ pt milk warmed with 1 oz melted butter.

Mix and knead the dough ingredients until smooth. Cover and leave to double in size — a slow rise in a cool place is best.

Knock back the dough and roll it out or pat it into shape to line the base and sides of a buttered 12-inch flan tin or pizza pan. Prove for 30 minutes then bake for 7 minutes in an oven heated to 485°F (250°C) gas mark 9/10.

Quickly cover the tart base with the halved and stoned plums, packing them quite closely and arranging them cut side up. Drizzle the melted butter over them and sprinkle with the vanilla sugar. Bake for 5 minutes, then turn the heat down to 400°F (200°C) gas mark 6 and bake for 8-10 minutes more. Serve warm or cold, without cream.

FOOD & DRINK

An Australian clobberer

...n optical illusion or ...e entire wine-drink... population of Britain ... in love with Austra... ...donnay?

... still, admittedly, the ... still immune to the ...d charms of Bur... most famous grape ... *la façon de* Barossa, etc. They tend to be ... boardrooms where ...ttle from Burgundy is ... to convey the proper ...f respect and respect... in the white wine ...ent, or in restaurants ...rine lists perpetuate ... that wine has to be ... and expensive.

...n real life, Australian ...nay with its clobber... ...bvious fruit, dazzling ...l cleanliness and neat ... the under-£5 price ... seems to be just what British wine drinkers want.

In May alone, twice as much Australian wine was shipped to the UK as in the whole of 1985. Sixty per cent of it was white, much of it Chardonnay. The chattering classes have been walloping it down. Baby boomers seem to drink little else. Now it can even be found, for heaven's sake, in the sort of London club where "strewth" might still be mistaken for "forsooth".

Like many things that are popular, however, the experts have their doubts. If real wine connoisseurs have rarely chosen Oz Chard for a special occasion it is because it has basically come in just one flavour: big, brassy and going nowhere but downhill. (French white may be lean and mean but it does provide endless speculation as to its evolution; if it does not please, it tries to tell you it is your fault for broaching it too soon.)

But in recent months a new wave of superior, almost subtle Chardonnay has reached British shores. Far from being exhausted by the journey, the wines listed in the box below, from the super-successful 1990 vintage, combine the usual ultra-hygienic fruitiness with the sort of vibrant acidity and tantalising hints at potential for growth associated with good white burgundy. They may be more than a fiver but their Californian equivalents would cost up to half as much again, their Burgundian counterparts at least double.

Curiously, it is only the British who have fallen so enthusiastically for Australian wine. New Zealanders may have had it thrust upon them by force of economic pressure, but in the US, where imports are less than half the UK's, wine from Australia has had difficulty steering a course through that alcophobic country's complex distribution system. And Americans have enough home-grown Chardonnay anyway.

The Swedes soak up nearly as much as the British but most of it is cheaper stuff imported in bulk, whereas the average retail price of a bottle of Australian wine in the UK is very respectably close to £5. We must respect it as well as love it.

It may well be this relatively high price level that explains one of the great conundrums of present-day Britain: that although in many circles Australian Chardonnay seems to be just about the only wine that is being drunk, Australia still accounts for little more than 2 per cent of Britain's total wine sales. Perhaps it is an optical illusion after all.

Jancis Robinson

Australia's 1990 Chardonnays

...a Wirra McLaren Vale, £4.99 Oddbins. Lovely green... flavours for the money. Quite alcoholic (13.5 per cent) ...the acid is enough to keep it appetising even at room ...perature.

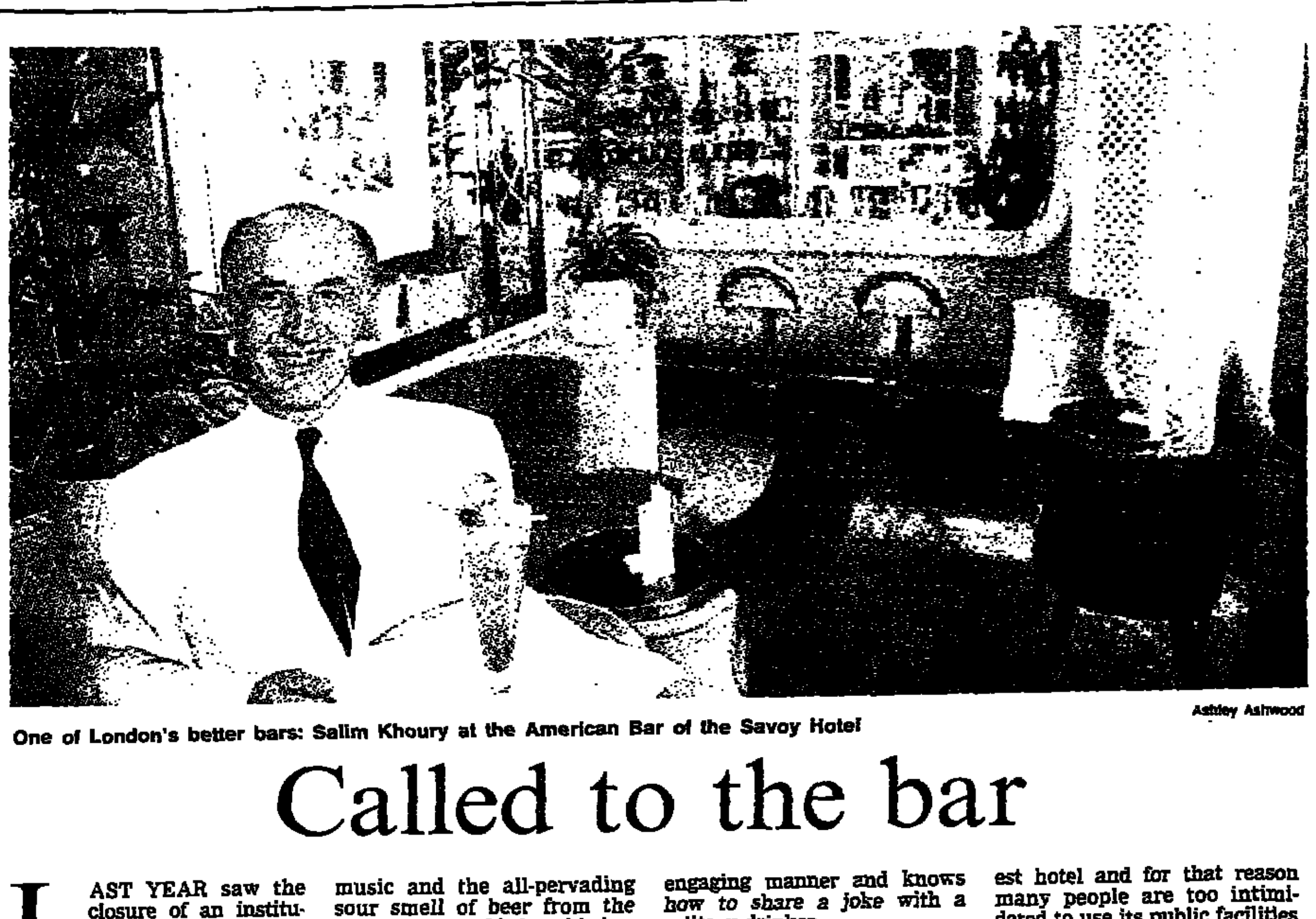
...inus Molle, £6.49 Oddbins, also from Haughton Fine ...es of Cheshire. Bought-in fruit vinified at Dromana Estate (see below) and displays some of the same delicacy ...the *grand vin*.

Penfolds Clare Estate, £6.99 Oddbins. This and its stablemates from Eden Valley (£5.99) and Padthaway (£7.99) finally prove that Penfolds can make great whites too. Not a hint of the confected tropical fruit flavours that pall after a while. Sprightly and very refreshing. The Padthaway is worth the extra pound for the confident way it betrays its cool provenance.

Dromana Estate Victoria, £8.49 Oddbins, also from Haughton. A bottle of the 1988 tasted recently suggested that this is well worth keeping a while. Clearly serious stuff, it seems designed for Francophiles.

Shaw and Smith Adelaide Hills, around £9.50 Adnams, Barnes Wine Shop, Bibendum, Ben Ellis, Eaton Elliott and Lay & Wheeler Made by Flying Winemaker Martin Shaw and Master of Wine Michael Hill-Smith this is bigger and brighter than most.

Dalwhinnie, £10.95 Barnes Wine Shop, London SW13. Wonderfully gentle oaking on steely, embryonic fruit. A star.



One of London's better bars: Salim Khoury at the American Bar of the Savoy Hotel

Ashley Ashwood

Called to the bar

LAST YEAR saw the closure of an institution unique in London's West End: Jules' Bar in Jermyn Street. It fell victim to the leaseholders' desire to redevelop the site, occupied not only by Jules' but also by a couple of good shirt shops.

Jules' was a controversial place: some people loved it, others hated it. It had a rather continental style: a comfortable place where you could meet friends or business contacts over a glass of champagne, a whisky or a well-mixed cocktail which, at the same time, was not part of a restaurant, an hotel or multi-faceted conference centre.

I was personally saddened by its disappearance. Over the years I had got used to this quirky outpost of the Forte empire and I had also got used to finding my friends there.

In the past couple of decades London pubs have taken a turn for the worse: Space Invaders, one-armed bandits, loud pop-music and the all-pervading sour smell of beer from the damp carpet. Added to this is a lack of choice for anyone not looking for beer. Wines by the glass are in most cases a joke, champagne unheard-of, spirit measures microscopic.

A solution in most other European cities is the hotel bar. Dublin is a case in point: on a Friday evening anyone who is anyone is to be found some time between 6 and 9 in the Horseshoe bar of the Shelbourne Hotel. In Berlin there is the Times Bar in the Savoy. In Paris, hotel bars have long been the haunts of politicians and journalists who prefer the discretion of the Crillon or the Ritz to the "café-formica" of the boulevards.

To be welcoming to non-residents an hotel bar must possess atmosphere. No good hotel bar may challenge the customer's right to ask for decent champagne by the glass. Ability to make cocktails is an advantage but not a neccessity.

It helps if the barman has an engaging manner and knows how to share a joke with a solitary drinker.

Below I have listed a few hotel bars which have appealed to me. Remember that drink prices in London hotels are far from cheap and you pay for the privilege of drinking in a relaxed and civilised atmosphere.

■ Basil Street Hotel, Basil Street, SW3. Tel: 071-581-3693.

This is above all a pleasant old hotel with original fixtures. The bar upstairs has an intimate feeling which should make it ideal for an assignation.

■ Blakes Hotel, 33 Roland Gardens, SW7. Tel: 071-370-0442.

Here the downstairs bar abuts on to the restaurant, meaning that many of the drinkers are waiting for tables. It is decorated in slinky black. Bar snacks are regularly replenished. Good champagne by the glass.

■ Claridges, Brook Street, W1. Tel: 071-629-8860.

Claridges is London's grandest hotel and for that reason many people are too intimidated to use its public facilities such as the tea-room and bar. The style here is pretty formal. It is not the place to unwind after a long day.

■ The Halcyon, 81 Holland Park W11. Tel: 071-727-7288.

A cosy bar frequented largely by local people. The barman does a good line in jokes and the dry Martini was deemed excellent by a colleague who prides himself on being a judge of cocktails. A good selection of spirits and some inventive bar snacks such as celeriac chips prepared in the kitchens of the Kingfisher restaurant next door.

■ The Halkin Hotel, 4 Halkin Street, SW1. Tel 071-333-1000. Small, luxury hotel on the site of a former garage just off Hyde Park Corner. No bar as such. Drinks are brought to you in an extension of the foyer. Refined atmosphere and modern Italian decoration.

■ Mayfair Intercontinental Hotel, Stratton Street W1. Tel: 071-629-7777. I have always found that the bar here suffers from excessive patronage by American residents, but I admit I have only been to the Mayfair at weekends. Good champagnes and cognacs. Extremely friendly bar staff.

■ Le Meridien, Piccadilly, W1. Tel: 071-734-8000.

The trick at the Meridien is to prefer the Burlington Bar downstairs to the rather anonymous Edwardian space upstairs.An American woman plays songs by Cole Porter and others. The Irish bar staff are pleasant and helpful.

■ The Pelham, 15 Cromwell Place, SW7. Tel: 071-589-8288.

This is a delightful small hotel near South Kensington Underground station. The bar is in a panelled room on the ground floor and a fire blazes during winter. This is an excellent meeting place. No problem about champagne by the glass.

■ Portman Inter-Continental Hotel 22 Portman Square, W1. Tel: 071-935 0537.

The bar at the Portman calls itself a pub, but it is a pub of the old school with extremely accommodating bar staff and a broad selection of malt whiskies. Bar snacks are constantly replenished. The Portman Pub is yet another plus point for this hotel which boasts an excellent restaurant in Truffles.

■ The Savoy, Strand WC2. Tel: 071-836-6040.

The American Bar at the Savoy is probably the best known hotel bar in London and deservedly so; the bar is in some ways a model for what hotel bars should be. The atmosphere is good (although it can be difficult to get a seat), the cocktails excellent; the potato crisps are made on the premises. The Savoy is in a wonderful position should you need to meet someone before the theatre.

■ The Waldorf, Aldwych, WC2. Tel: 071-836-2400.

An alternative to the Savoy when the American Bar gets too busy, the Waldorf offers a number of solutions but the best place to drink is unquestionably the "pub" at the back of the hotel.

Giles MacDonogh

Sport: Golf and American Football

Amateurs with ability to shock

THE WALKER Cup may not be the three-ringed circus that the Ryder Cup has become, but there is always a pleasure in watching high-quality amateur golf with its amiable, country fair atmosphere.

To be honest, I would rather attend the Walker Cup than watch yet another tedious professional event. There is an edge to the 33rd Walker Cup match to be held on Thursday and Friday next week at Portmarnock, outside Dublin.

The venue alone, one of Ireland's greatest links courses, is worth the price of admission. More significant is the fact that Britain and Ireland are defending the cup after a stunning and surprising victory in Atlanta, Georgia, two years ago.

No-one who was at Peachtree golf club can have forgotten the excitement surrounding the first victory in the US by an Anglo-Irish team since the cup was presented in the 1920s by George Walker of the US Golf Association – an uncle of George Bush's. It was unbearably hot and unbearably tense.

Midway through the second afternoon's singles Michael Bonallack, secretary of the Royal & Ancient golf club, was to be seen standing in front of a scoreboard muttering to himself. He bore the look of a man who had just seen a ghost. As P G Wodehouse wrote of someone else: "If he wasn't disgruntled, then he was far from gruntled."

Men in white coats might have been summoned to take away the far from gruntled Bonallack but for the fact that he had every reason to look as he did. The British and Irish team had begun with a five-point lead and therefore needed only 1½ points from the eight singles for an historic victory.

At this moment, however, they were in desperate straits. The scoreboard at which Bonallack was staring so dolefully showed that the the Americans led or were level in every match. From being within a whisker of defeat, the Americans seemed to have pulled off a miraculous recovery. It seemed an age before Bonallack was roused from his reverie and walked off, shaking his head as if the worst had come to pass.

But this was not to be one of those great collapses that are woven into the tapestry of British sporting endeavours. Jim Milligan recovered from being two down with three holes to play to halve the most exciting match I have ever seen. This half-point was sufficient to give Britain and Ireland a narrow victory, one that was celebrated in song and drink that evening.

One man dominates the forthcoming match. Last January, when he was only 20, Phil Mickelson won a tournament on the US professional circuit, only the second amateur for 35 years to do such a thing. Then he finished leading amateur in both the US Masters and US Open. Cheery-faced, long-legged and precociously talented, with a loping stride not unlike Groucho Marx's, he will turn pro when he has completed his psychology studies at Arizona State University. On all the evidence he will set the game alight.

He is a left-hander with a long swing and a wonderful, nerveless touch around the green. It took a courageous 8 ft putt to halve his match in 1989 and the Americans will expect more of the same from their fresh-faced anchorman.

Jim Payne, from Lincolnshire, is beginning to cast a long shadow over the amateur game on the British side of the Atlantic after comfortably winning the medal for low amateur at the Open, outplaying both Jack Nicklaus and Mickelson. He radiates serenity and confidence as if they form his own magnetic field. Chips are holed, long putts laid close, all with the excitement of a bank cashier handing over notes to a mid-week customer. Nothing rouses him, seemingly, and nothing flusters him. Anyone who can outplay Nicklaus in the fourth round of the Open clearly has a future in golf.

Following victory at Peachtree, teams from the British side of the Atlantic held the Ryder, Walker and Curtis cups. There had never been a time like it. But US golf recovered quickly. Its women amateurs reclaimed the Curtis cup and in a few weeks its men professionals will try and regain the Ryder cup, a trophy they last won in 1983.

Form suggests that the US will triumph at Portmarnock. But since when did form count for anything in golf, particularly in Ireland? Anything could happen and with a bit of luck it will.

John Hopkins

Driving force: Phil Mickelson, the US team's precocious anchorman

Handley has Giant boots to fill

ALTHOUGH the American football season officially opens tomorrow, the New York Giants will have to wait a little longer to begin the defence of their Superbowl. On Monday, they face the champions of the previous two years, the San Francisco 49ers.

After a summer of substantial, and sometimes controversial, change, the kick-off will not have come too soon for the Giants. Since that sunny Florida day in January when New York's rock-solid defence and charging-bull running game snatched the Superbowl from the more-favoured Buffalo Bills, a lot has happened. Half the club has been sold to a new owner, the head coach and a key assistant have departed, the veteran quarterback has been replaced by an understudy, and players have come and gone in a merry-go-round of signings, retirements, draftings and rejections.

Of all the summer's changes, potentially the most disruptive was the unexpected departure of head coach Bill Parcells. Parcells, the architect of two Superbowl triumphs (the first in 1986), was enormously popular in New York and one of the most respected men in the game. His decision in May to leave may have been a typically brave career move (he has since joined NBC as a TV commentator), but it was a blow to the Giants.

The club turned to someone from within its own ranks, choosing Ray Handley, a man with seven years' experience with the Giants as an assistant coach. Handley's ascension surprised few, except perhaps Handley himself. He had been planning to give up football, and was on the verge of enrolling in law school when Parcells announced his retirement.

The bookish Handley is cut from a different cloth to Parcells, whose quick wit and quick temper delighted and tormented players and sportswriters. While Parcells motivated his players with the carrot and the stick, Handley has adopted a more conciliatory approach, offering encouragement with a quiet authority.

The new coach has inherited a talented team that is used to winning. New York fans, though, worry that Handley will fiddle with a successful formula. That formula has been based on two strengths: a big, dominant defence and an offense that keeps the ball on the ground and out of opponents' hands.

At the heart of the defence is Lawrence Taylor, once the best and still the most intimidating linebacker in football. With fellow linebackers Pepper Johnson and Carl Banks, Taylor's job is to disrupt opponent's attacks, "sacking" the quarterback (dumping him on the ground while he still has the ball) tackling the ball-carriers, or batting down passes. It is a job all three are spectacularly good at. There is no reason to suspect that Handley will alter the way the defence goes about its destructive work.

The new coach is more likely to tamper with the offense. Before his appointment, Handley was in charge of the Giants' running backs. These human powerhouses employ bulk and speed to bulldoze through, or scamper around, opponents' defenses.

Under Parcells, the Giants favoured the sledgehammer over the stiletto. The running backs battered at defensive lines. It proved an effective, but hardly pretty tactic. It gained yards and ate up the clock and minimised the risk of mistakes.

Under Handley it looks as if the passing game will play a greater rôle in the Giants' attacking repertoire. Why? Because he has chosen a new quarterback to lead his team.

The quarterback is the most important position in football. He starts all offensive moves. His passing, handling and running skills can determine whether a team wins or loses. The quarterback is that rarity: the general who fights with his troops in the trenches.

In choosing Jeff Hostetler over Phil Simms Handley has put his faith in a younger, quicker, more versatile player, better suited to an adventurous passing strategy. In the last five games of last season, Hostetler took over when Simms was injured. His near flawless performance as an understudy, and his ability to improvise on the field with deft passes or scrambling runs, took the Giants to the Superbowl.

The choice of Hostetler was not universally popular. There is an old rule in American football that says a player – especially a quarterback – should not lose his job because of injury. Simms lost his last year after badly damaging his foot in a game against Buffalo. Yet apart from a few relatively meaningless pre-season friendlies, he has had little opportunity to win it back.

Simms has spent the best part of a decade as leader of the Giants' offense, and many sportswriters in New York felt that he was badly treated when Handley awarded the starting rôle to Hostetler. Yet US journalists can get sentimental about veteran athletes, particularly those like Simms who, throughout their careers, display a courage and modesty rare in US professional sports.

There is no room for sentimentality in the brutal world of American football. Hostetler is the Giants' future, and that future begins in front of 77,000 fans on Monday night.

Patrick Harverson

Motoring/**Stuart Marshall**

Small company, intelligent car

ABOVE ALL, Saab's latest product, the 9000CS, is an intelligent car. No, it is not stuffed full of computers. It does not have rear wheel steering, or four-wheel drive, or clever knick-knacks such as rear-view mirrors that automatically change position when you adjust the driving seat.

What it does have is a solidly-built body that looks like a saloon, although is really a hatchback with a huge tailgate and a low sill. It is not bulky. At a shade over 15.5 feet (4.75 metres) overall, the front-wheel driven Saab is the same length as a Mercedes 200-300, slightly shorter than a Vauxhall (Opel) Senator.

Mounting the 4-cylinder 2-litre or 2.3 litre engine sideways makes it so roomy inside that the US authorities rate it a large-, not medium-sized, car. It has more than enough performance. Remarkably, the 2.3 turbo is said to out-accelerate a Ferrari in the 50-75 mph (80-120 kph) speed range. That, plus a standard traction control system, means overtaking can be short, sweet and safe.

In Sweden, where I tried the 9000CS last week, the roads looked seductively fast and were almost deserted. But the police use helicopters as well as radar to enforce speed limits. Even on the quietest roads getting an illicit move-on could have been very expensive.

Driving in Sweden is either boring or relaxing according to one's temperament. Having to drive fairly slowly, though, has its advantages. One concentrates not on things of limited interest to most buyers like high speed handling and sheer cornering powers but on motoring's finer points. I can report that the 9000CS is almost free of tyre noise, even on coarse surfaces, and is almost silent mechanically. Its clutch is light and the 5-speed gearbox delicately precise.

The 2.3 litre engine has a split personality. It will zip eagerly up to high revolutions, or pull so hard in top at 2,000 rpm that one can forget about gear changing on the open road.

The driving position, location of controls and the general feel of the car are so good you know an enthusiastic top management does its own product testing.

This kind of hands-on management is possible only when a firm is fairly small. As car makers go, Saab is in the junior league with an output of around 100,000 a year. The Trollhattan assembly plant is compact but well equipped. A Japanese-style zero defect policy means that unless a partly built car is rated perfect, it does not go on to the next assembly stage.

Saab, like several other small producers, fell on hard times in the late 1980s and General Motors, keen to acquire a prestigious marque for Europe, rode to the financial rescue. It now controls Saab Automobile AB and the man in charge is an American, David Herman. General Motors allows Herman to ride Saab with a light rein, conscious that if its presence were too obvious, the marque's identity would suffer. (Ford is in a similar position with Jaguar). Herman displays an almost religious convert's faith in Saab's future as a high-status car producer.

He explains that the 9000CS is a mid-life updating of the 9000. It has a new front and rear, even greater passive safety, and a more rigid body shell that has allowed suspension changes to be made.

Before long, Saab will become a three-model producer. The veteran 900 will be replaced with a new model and a luxury car will join the range at a level above that of the 9000CS.

Powering the new, big car will be a 3-litre, V6 engine to be made at Ellesmere Port, Cheshire. It will, of course, be used in GM's Opel and Vauxhall cars, too, but the traffic will not be one-way. The Saab 5-speed transaxle from the 9000CS – acknowledged, Herman says, as best in class – will also be found in some of the more up-market GM products.

The new 9000CS will make its debut at Frankfurt Show in two weeks time. In Britain, it will be seen for the first time at London's Motorfair in mid-October and sales will start here soon afterwards. There will be 2-litre and 2.3 litre turbocharged and naturally aspirated models, with manual or automatic transmission. All have catalytic converters – and bumpers that survive up to 5 mph (8 kph) impact unscarred. UK prices are to be announced at Motorfair. They are expected to be five per cent higher than those of existing models; say from £18,500 for a 9000CSi to nearly £30,000 for the limited edition 2.3 litre turbocharged Carlsson.

The grand old man of Ayot

I will not dissemble the first emotions of joy on the recovery of my freedom and, perhaps, the establishment of my fame. Thus confessed Gibbon when he had penned the last word of *The Decline and Fall of the Roman Empire*. I should imagine that Michael Holroyd must feel similar emotions of joy now that he has reached the end of his great life of Bernard Shaw, the third and concluding volume of which, *The Lure of Fantasy*, is published on Thursday. Holroyd's fame was established a long time ago with the publication of his *Lytton Strachey: A Critical Biography*, but it will be much enhanced by the completion of his Shaw.

We begin this volume in 1918, with Shaw gradually emerging from the opprobrium he incurred during the war through his pacifism. Yet he has not in any way changed his spots. He is just as scathing about the peace treaty as he was about the war, and devastatingly accurate on the long-term effect of exacting reparations from the Germans. He delivers a brilliant broadside on all this in his Preface to *Heartbreak House*, published before the play was performed.

On the home front, his marriage to Charlotte has settled into a contentedly companionable union, based on the overriding importance of his work. Their two bases are a London flat at Whitehall Court and the house in Hertfordshire at Ayot St Lawrence that since his death has belonged to the National Trust.

To cope with his bulging daily postbag, Shaw finds a devoted life-long secretary in Blanche Patch. The authority over his well-being exercised by the two women at home is challenged from time to time by others from outside, notably Molly Tompkins, an American actress, and the American-born Nancy Astor, *châtelaine* of Cliveden and the first woman MP. They become assimilated into the inner circle without displacing its foundations, though Molly has a good try. Another more judicious female influence, dating from his Fabian days, is that of Beatrice Webb. She and her husband Sidney (Lord Passfield) are the Shaws' closest friends.

Holroyd pursues Shaw's relations with all these people, going along various routes in a series of vigorous hikes. Each of the many plays Shaw wrote, from his 60s to his 90s, receives its full analytical due; and so do occasional non-dramatic works such as *The Intelligent Woman's Guide to Socialism, Capitalism, Sovietism and Fascism* and *The Adventures Of The Black Girl In Her Search For God*, both best-sellers.

The biographer continues to withhold information about his sources. These – a thousand or more of them in all – will be divulged at last in an additional volume yet to be published. Holroyd apologises to scholarly readers for this arrangement. He explains that, for the unscholarly reader, "I wanted to present a 'pure' narrative that was neither interrupted by sequences of numbers nor undermined by a series of footnotes."

But the "purity" of the narrative is constantly spoiled by the analyses of the works. Perhaps this was inevitable, but could it not have been done more concisely? Holroyd unfortunately lacks the power of putting his thoughts on any work by Shaw into a nutshell. For example, just as the reader is settling down to the volume, and looking forward to becoming acquainted with the mature Shaw, the narrative comes to an abrupt halt while pages 8 to 26 are taken up by the analysis of *Heartbreak House*. In order to make anything of this you simply have to put down the book and re-read the text of the play.

In this play Shaw succumbs to *The Lure of Fantasy* of Holroyd's title and it is fantasy that is to become the main ingredient in his plays from this period onwards with the possible exception of *St Joan*. Now comes the gigantic self-indulgence of *Back to Methuselah*, and the surreal *Too True to be Good*, with its opening speech by a Microbe, its portrait of Molly Tompkins as Sweetie, and Private Meek who, as is well-known, was based on T.E. Lawrence.

BERNARD SHAW: THE LURE OF FANTASY 1918-1950
by Michael Holroyd
Chato & Windus £25, 544 pages

Lawrence makes several more appearances in the volume as a close friend of Shaw; other new friends include the champion boxer Gene Tunney and Dame Laurentia McLachlan, the Catholic Abbess of Stanbrook with whom Shaw has a long correspondence. Old friends fallen on hard times like Mrs Patrick Campbell and Frank Harris come cap in hand as he writes *The Apple Cart*, *The Simpleton of the Unexpected Isles*, *Cymbeline Refinished* and other minor works.

Above all, Shaw becomes an actor on the world stage. This is the Shaw I remember - the white-bearded pontificator of Ayot, besieged by autograph-hunters, visiting statesmen, cranks of all kinds, hostile journalists, sightseers. Shaw visits the Soviet Union with Lady Astor and expresses his admiration for Stalin. Holroyd's disclosures of Shaw's gullibility over communism and fascism, his acceptance of the doctrine that individuals undesirable to the community should be liquidated, are frank and even now quite shocking.

As a playwright his major work is behind him. From now on his first nights will not be in the West End or at the Court (later Royal), but at Malvern where under the guidance of Barry Jackson, and with encouragement from his musical friend Edward Elgar, he finds a loyal audience. Here is the planting of the acorn of the arts festival concept we in our time have watched flourish so mightily up and down the land. Shaw goes further than mere festivals and demands the establishment of a permanent well-funded National Theatre.

Holroyd paints a picture of Shaw's fame spreading across the globe to an extent unmatched by any other modern writer. In the US he is taken under the wing of Lawrence Langner and the Theatre Guild, and in Germany his reputation remains high thanks to translator Siegfried Trebitsch.

After years of refusal Shaw capitulates to the importunings of an extravagant theatrical adventurer from Eastern Europe, Gabriel Pascal, and agrees to let him produce the film of *Pygmalion*, for which he writes extra scenes. Shaw now becomes mad about the cinema as a medium. *Major Barbara* follows, also a success, but after the disaster of *Caesar and Cleopatra* he withdraws into his shell. Pascal conceives the crazy idea of getting Lerner and Loewe to make a musical out of *Pygmalion*.

The death of Charlotte restores Shaw's bachelor freedom at the age of 87. He has no desire for remarriage, however, despite a number of offers, or indeed for any further social intercourse. Holroyd's account of Shaw's widower years until his death at the age of 94 in 1950 make a kind of self-contained *novella* at the end of the volume. A wry little geriatric comedy he never wrote. It includes several new characters in the person of a Scottish housekeeper who was more than a match for him, and hangers-on in the form of potential biographers and organisers of Shaw societies, all demanding their pounds of flesh. Shaw longed for death to escape them.

What other major playwright ever wrote so many flawed masterpieces or so many polished diatribes? Holroyd, avoiding any assessment, probes the cracks, exposes the wounds, and in explanation frequently harks back to that terrible Dublin childhood and office job from which Sonny so resolutely extricated himself. The three volumes of this biography represent an achievement of the highest order that no one interested in the dramatic, social and cultural history of the time can afford to neglect. And I will not dissemble my emotions of joy in having finished reading them.

Anthony Curtis

Fiction

A whole lot of trouble

PETER CAREY'S fourth novel – successor to *Illywhacker* and *Oscar and Lucinda* – is set in the sort of place you could pass by every day of your life without noticing. Catchprice Motors is a woebegone General Motors dealership in a rundown suburb of Sydney, a once bustling business now gripped by rust and decay. The family who own it, however, are certainly noticeable, a seething collection of dreamers and delinquents who threaten to ensnare anyone who wanders on to their weed-strewn lot. In charting a few days in the life of this most dysfunctional family, Carey has created a powerful yet strangely diffuse novel.

The story centres upon 16-year-old Benny Catchprice, a profoundly disturbed youth who bears a bullet wound inflicted by his long-absent mother and suffers from delusions of becoming an angel. He lives in a rank basement hovel filled with graffiti, sex magazines and a collection of pickled snakes. After being fired from the spare parts department by his Aunt Cathy, a would-be Country & Western star, Benny decides the best route to angelhood is to become the family's ace salesman. He dyes his hair white, spends his savings on self-actualisation tapes, and tattoos large wings on his back. Grandmother Frieda, who carries plastic explosive in her purse, seems to understand Benny's transfiguration, though Benny's Hare Krishna brother Vish and sexually abusive father Mort aren't so sure.

THE TAX INSPECTOR
by Peter Carey
Faber & Faber £14.99, 279 pages

The situation is complicated by the arrival of Maria Takis, a young tax inspector who is eight months pregnant. Although she tries to maintain a professional distance from the Catchprices, Maria is soon drawn up into their dramas. She attempts to help the pitiful clan by erasing evidence of their tax evasions, and soon finds herself inextricably joined to them when she has an affair with Benny's Uncle Jack, a rich property developer. When her relationship with him sours, Maria is taken to the family's troubled core in a most unexpected way – she is kidnapped by Benny and locked in his putrid lair, where she goes into labour just as the crazed Frieda decides to use the contents of her purse to put Catchprice Motors out of business.

Though lacking the narrative sweep of Carey's previous work, *The Tax Inspector* still packs considerable punch, drawing strength from its characters, an explosive lot who mix together like volatile chemicals. None of them are as they seem – Grandma Frieda appears at first to be a near-senile old bat, yet once Carey airs out her ruined dreams of owning a flower farm (which, by the way, explains her cache of tree-clearing gelignite), she gains breadth and sympathy. Likewise with Mort, the tortured father who cannot understand why he responds the way he does to the touch of his son's flesh. And of course Benny, whose delusions are brought home with a rare intensity, especially in the scene where he seduces his father.

The interloping Maria is less striking than the others, as if Carey has assembled an attractive array of parts yet left out the driving mechanism. Her immigrant-daughter conflicts and romantic entanglements are far less involving than the Catchprices' dramas. When she finally lashes out with violently maternal instincts, you feel the author's guiding hand resting a bit too heavily on her shoulder. That said, I doubt there will be a more memorable group of characters put on the page this publishing season.

Where the novel is less successful is in its storyline. Although replete with the sort of strong prose and striking observation you would expect from Carey, his plot meanders in some places, while in others it follows all-too-predictable lines. Most readers will be able to guess what is going to happen after catching sight of Frieda with her explosives and Benny in his dungeon. After about the halfway point the story seems to grind perfunctorily toward its climax, which hovers perilously close to melodrama. The odd digressions do nothing to broaden the novel's scope. They merely postpone the inevitable. It makes for a book whose considerable power pulses undirected, like a jumper cable that has come loose from its battery.

Stephen Amidon

Weeping woman

"ARE YOU a writer or a weeping woman?" Djuna Barnes once asked Antonia White, a challenge that was to haunt her for the rest of her life. While not even her most ardent admirers would claim that Antonia White, who suffered perennially from writer's block, was anything more than a minor literary figure, they will be disappointed to find that her *Diaries*, as edited by one of her daughters, Susan Chitty, reveal far more about the weeping woman than the writer.

Antonia White's reputation rests on her first novel, *Frost in May*, which received unanimous acclaim on publication in 1933. Like everything else that she wrote, this account of a middle class girl's experiences in a Catholic convent, patronised mainly by the old European aristocracy, was largely autobiographical. It is an apparently artless evocation of the hermetically sealed world of the convent, whose rigid discipline and esoteric devotions become the norm for its susceptible inmates. Everything is seen from the viewpoint of Nanda Gray, who is nine when she enters the convent and 14 when she leaves in disgrace. It seems to appeal equally to Catholics, who share similar memories, as it does to non-Catholics curious about the reality of convent life.

Her second novel, *The Lost Traveller*, did not appear until 1950, and was followed by *The Sugar House* in 1952. The mixed reception given to these two works led Antonia White to refer bitterly to *Frost* as "a kind of legend, the perfect thing I brought off once and never will again." But her last published novel, *Beyond the Glass* (1954), an account of descent into madness and subsequent recovery, contains some of her most powerful writing. Virago launched their influential Modern Classics series in 1978 with *Frost in May*, bringing Antonia White to a new generation of readers just before her death in 1980.

ANTONIA WHITE DIARIES 1926-1957
edited by Susan Chitty
Constable £19.95, 356 pages

AS ONCE IN MAY
by Antonia White
Virago £4.99, 153 pages

The autobiographical fiction is based on Antonia's life (she was born in 1899) between the ages of nine and 23. After a brief spell at St Paul's, she abandoned formal education at the age of 17 and became subsequently a governess, an actress, an advertising copywriter and a fashion journalist. Her first marriage was annulled and, while living at home in its aftermath, Antonia was certified insane. Soon after her recovery she became pregnant after one night with her first lover, and had an abortion. Her second marriage, to an older homosexual, was also eventually annulled, and when the journals open (effectively in 1933; there are just two pages on Paris in 1926) she is living with her third husband, the writer Tom Hopkinson, and her children: Susan, from an earlier liaison with one Silas Glossop, and Lyndall Hopkinson.

Susan Chitty has already written a memoir of Antonia White entitled *Now To My Mother*. The *Diaries* – not so surprisingly since she has edited them down to a quarter of their manuscript length – give much the same picture of a self-obsessed neurotic, constantly worried about money, appearances, her psychoanalysis and the slow progress of her writing. Why anyone should think, as Chitty presumably does, that the publication of these diaries would contribute anything to Antonia White's reputation is very hard to imagine.

White: self-obsessed

For a start, they are not proper diaries but consist of a series of notebooks, private jottings such as those made by many writers when struggling with a work-in-progress, full of good intentions, impossibly ambitious work schedules, sliding into self-analysis and reflection on one's lot in life when all else fails. White displays the typical neurotic inability to concentrate on anything outside herself for any length of time. Friends and relations are only of interest insofar as they affect her – and, by and large, the friends she chooses to comment on are fairly dull. The tone and the coherence improve slightly after 1940 when she returns to the Catholic church, although her initial rediscovery of religion is accompanied by an apparently chaste lesbian infatuation and high hysteria.

The extent to which she conveys so little sense of the intellectual, even the social, life of the period is an indication of her utter self-absorption. In her later years she was a distinguished translator of French literature, but without the editor's notes you would never guess it.

I was so thoroughly disillusioned by the *Diaries* that it was with reluctance that I took another look at the quartet of novels, now reissued by Virago, and the unfinished autobiography *As Once In May*. I can report that, while the first and the last of her novels stand up as well as ever, the newly-published autobiographical fragment is an absolute gem. It covers her years at 22 Perham Road and with her aunts at Binesfield in Sussex up to the age of six, before adolescence soured her home life. It sparkles with quiet humour, close observation and warm affection, revealing a totally different woman from the diaries. A writer, in fact.

Alannah Hopkin

Sadness and skulduggery

BROOKNER territory is now familiar. What might be a limitation has become an asset, and readers knowing they will find a sad woman in comfortable circumstances look for variations not of place or atmosphere but of the same theme. The same houses, flats and life's furniture in general reappear as before in *A Closed Eye*. But more sadly, even, than in the rest.

Harriet is an unremarkable young woman rather surprisingly proposed to by a rich man of her father's generation. It never occurs to her or her parents to refuse him: he is an answer to all their problems, financial and social. The marriage chugs along, agreeably oiled by his money, rattled only by Harriet's obsession with the dazzlingly attractive husband of her best friend and later by a total commitment to her own equally dazzling daughter, Imogen. Imogen's mysterious life hints at all kinds of depravity, but whether Harriet "knows" (that is, accepts) this is not quite clear: probably not.

Politely, quietly, well-dressed and expensively housed in neutral Switzerland, she lives out an empty middle age, dead not to feeling but to joy and hope. Loneliness can hardly have been better portrayed: the death not just of relationships but almost, too early in life, of life itself. This is Anita Brookner at her most sombre: yet not gloomy or depressing – the writing is too good, and a work of art is always in some sense exhilarating.

Daughters of Albion are the besotted groupies of a strange figure called Rice Robey, sage or charlatan, mystic or pseud. Among the huge cast of A.N. Wilson's characters, many from earlier books, he takes centre-stage. The narrator, Julian, a small-time actor in a hugely popular radio soap called "The Mulberrys", has the energy and memory needed to portray a broadish swathe of English life which includes clerical, academic, political, civil service, artistic, journalistic and broadcasting characters in a complex country dance of relationships, enmities, and enigmatic events, some sinister, some pathetic.

Backbone to this sprawling world is the remains of the Lampitt family, whose fallen fortunes and decayed intellectuality are reflected in a big house full of treasures and junk; while the ambiguous Robey (saint and martyr? Idiot crankster?) reflects aspects of what can in all senses be called the New Age.

Rather more than hints of Proustian ambition appear, and part of the fun (as with Proust or Powell) is conjecture, linking the fictional with the real, particularly since "real" characters (George Brown dancing drunkenly with a Christmas tree, for instance) pop up among the inventions, and many of the fictions are so close to fact that one seems to be reading a prolonged *Private Eye*-style spoof.

Much of the book is extremely deft and funny, but there is more to it than dancing round the maypole of shared memory. In a few piercing moments, memory itself is analysed and feelings of loss and longing surface many years after the event, as when Julian suffers for his parents' death in the Blitz 25 years earlier, or recalls the misery of being sent away to prep school. Here the level of writing and feeling is suddenly lifted, and achieves a new power almost unrelated to the rest.

A CLOSED EYE
by Anita Brookner
Cape, £13.99, 255 pages

DAUGHTERS OF ALBION
by A.N. Wilson
Sinclair-Stevenson, £14.95, 287 pages

LEMPRIERE'S DICTIONARY
by Lawrence Norfolk,
Sinclair-Stevenson, £14.95, 530 pages

THREE NOVELS
by Nina Berberova
Chatto and Windus, £11.59, 195 ages

THE ITALICS ARE MINE
by Nina Berberova
Chatto and Windus, £20, 600 pages

Lemprière's Dictionary is a first novel of extraordinary complexity, occasionally maddening because it seems impossible to hold on to any thread of narrative connection, but gradually gaining a hold on the imagination. It finally makes a grand design, spanning two centuries, half the known world, and the mythological parallels known to Lemprière as he accumulates entries for the classical dictionary that bears his name and is still, to those who use it, part of their everyday intellectual toolbox.

The plot is too elaborate, the book too long and detailed to be described in a short review: it involves long-term skulduggery and revenge, the East India Company, sea passages east from Europe, the terrible siege of La Rochelle, links between history and mythology, murder, incest, and a startlingly vivid 18th-century London. The writing is fervent, simple in technique but extremely complex in effect; the author a very young man of (obviously) enormous talent and promise.

By its mixture of historical periods, the real and the fictional, the imaginary and the probable, of learning, myth, violence and realism, I was reminded of Ackroyd's *Hawksmoor* and Eco's *The Name of the Rose*; also, because of its close knowledge of London and the Thames, its use of codes and secret languages, its imagery of drowned sailors, rats, underground life and muddy death, it recalls *The Waste Land*. Expectation must now be high: whatever next?

At 90, Nina Berberova must be one of the oldest of those who remember pre-Revolutionary Russia, but the three novellas in the short book called *Three Novels* are all post-revolutionary and mainly about exile. Like *The Italics Are Mine*, the author's memoirs written between 1960 and 1965, first published in 1968 and now reissued, they are full of "characters" behaving "Russianly" but never really making one believe in their imaginative life or importance. Ah Chekhov, you have much to answer for: too many followers with much less of value to say.

Isabel Quigly

The lady's inner circle

THIS MUST be one of the last of the books pinned to Margaret Thatcher's coat-tails and ahead of the more considered assessments. Certainly one hopes so. John Ranelagh was a member of the Conservative Party Research Department when Thatcher was leader of the opposition in the mid-to-late 1970s. As such, he has some claim to have witnessed how she prepared – and was prepared – for the premiership. His book is, I suppose, intended to be sympathetic. Even on those grounds, however, he is frequently off-beam.

It has often been said of Thatcher that the principal influences on her were small-town Grantham, where she grew up, and her alderman father. She has never denied their importance. Yet she also went to Oxford to read chemistry and I wonder if the influence of the university was not at least as significant. The Principal of Somerville, the college which the young Margaret Roberts attended, has been repeatedly quoted as saying: "Nobody thought anything of her." That seems more a reflection on the university establishment of the time than on the student. Miss Roberts was nothing if not ambitious, responding to ever wider frontiers. Somebody must have noticed.

THATCHER'S PEOPLE
by John Ranelagh
HarperCollins £15.99, 324 pages

Ranelagh falls into the trap of repeating the old myth. He does it again when it comes to her apprenticeship as leader of the opposition. His thesis is that Thatcher was influenced by a very small number of people. For a time that was true, and the bunch was an odd one. It included such obvious figures as the now Lord Joseph – whom she has always said was crucial – writers such as Friedrich von Hayek, the advertising man Tim Bell and the maverick former communist Sir Alfred Sherman. Yet the point about Thatcher is that she continued to develop, especially when she became seriously interested in foreign affairs. She could draw advice from wherever she chose, even from the British diplomats she was reputed to look down on. This later development is not even mentioned in the book.

Nevertheless, there are some interesting details, some of which concern Thatcher's economics adviser, Sir Alan Walters. We learned from Nicholas Ridley's recent book *My Style of Government* that Walters had been active behind the scenes before she became leader. Ridley first encountered him the early 1970s. Ranelagh tells us that Walters was already advising Enoch Powell in the early 1950s. He also says that Walters was a key figure in the shadow cabinet's inquest into the economic record of the Heath government in September 1974.

Thus Nigel Lawson, when he was chancellor, had every reason to be wary whenever he thought that Walters was too close to the prime minister's ear. Implicitly the book helps further to explain why Lawson resigned. Ranelagh sides with Walters and, if this book has any polemical purpose, it is to debunk Lawson. At one stage it suggests that there was a witch-hunt of Walters, partly conducted by the *Financial Times*, which reported to Lawson as Witchfinder General. The ex-chancellor, of course, can look after himself, but he ought to do so in some detail as soon as possible (*ie* finish his own memoirs).

There is another odd point. Harold Macmillan said of Thatcher's cabinets that they were more full of Estonians than Etonians, and it is true that there was a good deal of comment on the Jewish content. Again Lawson was right when he said that it was more by coincidence than design: the Jews in the cabinet had very different backgrounds and track records. Yet it is striking that Mrs Thatcher, herself surely a very English figure, did tend to rely heavily on people whose relatively recent family origins were in eastern Europe. I wonder (this is my point, not Ranelagh's) whether this did not help to explain her hostility to the European Community. There is nothing like the zeal of a convert for sticking to English traditions.

Some of the judgments are distinctly strange. Anyone who finds Lord Whitelaw an "uncomplicated fellow" does not know his man: he only behaves like that in public. It was not all that unusual of the young Keith Joseph not to wear a watch "because his internal electricity stopped it": that happened to a lot of people. The technology of watches has changed.

Also some mistakes. Sir Charles Powell, Mrs Thatcher's foreign affairs adviser, was never permanent representative to the European Community, only a counsellor. The immediate argument between Walters and Lawson was not so much about the European monetary system as the exchange rate mechanism. The man who comes out best is Ian Gow, Mrs Thatcher's first PPS when she became Prime Minister, and who forecast trouble ahead between Thatcher and Sir Geoffrey Howe in an interview with Ranelagh just before he was killed by the IRA.

Malcolm Rutherford

The UK's boat people

***John Brennan** on the precarious position of those who live afloat*

JUST 169 houseboats figured among the 25,738 licensed and registered boats of all kinds in British Waterways' (BW) 1990-91 accounts. Yet there may be 15,000 boat dwellers on and around the 2,000 miles of rivers and canals under BW's management, on private moorings, and on tidal waters.

The anomalous position of these "landless owner-occupiers" is spelt out in "The Right to Moor" a report by Jan Price made with the assistance of the housing action group Shelter and the co-operation of the Residential Boat Owners' Association.

As the law stands, Britain's boat people have few rights. The status of residential moorings is as obscure as the arrangements for year-round living afloat are casual. The number of residential moorings with full planning permission and adequate services is far outweighed by the mass of informal canalside and riverside clusters of houseboats. There is no standard approach to these residents by the country's "waterlords": the landlords and owners of the waterways and their banks.

As Price notes, until recently British Waterways has had no consistent approach to its waterborne residents. Once commercial traffic declined and pleasure boats replaced the freight barges, "it appears that if you wished to live on your boat from the 1950s to the 1970s, you did so, mooring wherever you liked."

The comparatively tiny number of formal houseboat licences issued by BW reflects the fact that many boat residents do not stay put all year round. An unknown number of owners with cruising licenses live afloat for some or all of the year. And since BW's policy on boat moorings varies across its six management regions, Price found that the only common factor is a substantial excess of demand for moorings over available places. In some regions houseboat owners are on five- to ten-year waiting lists for available mooring.

As BW is being restructured to operate on a more commercial basis, with a projected cut in its government grant from the current 70 per cent to just 30 per cent of its cash requirements by 1993, it has been promoting the British Waterways Bill (1991) to increase its powers to maintain the safety of the waterway system and the boats that use it.

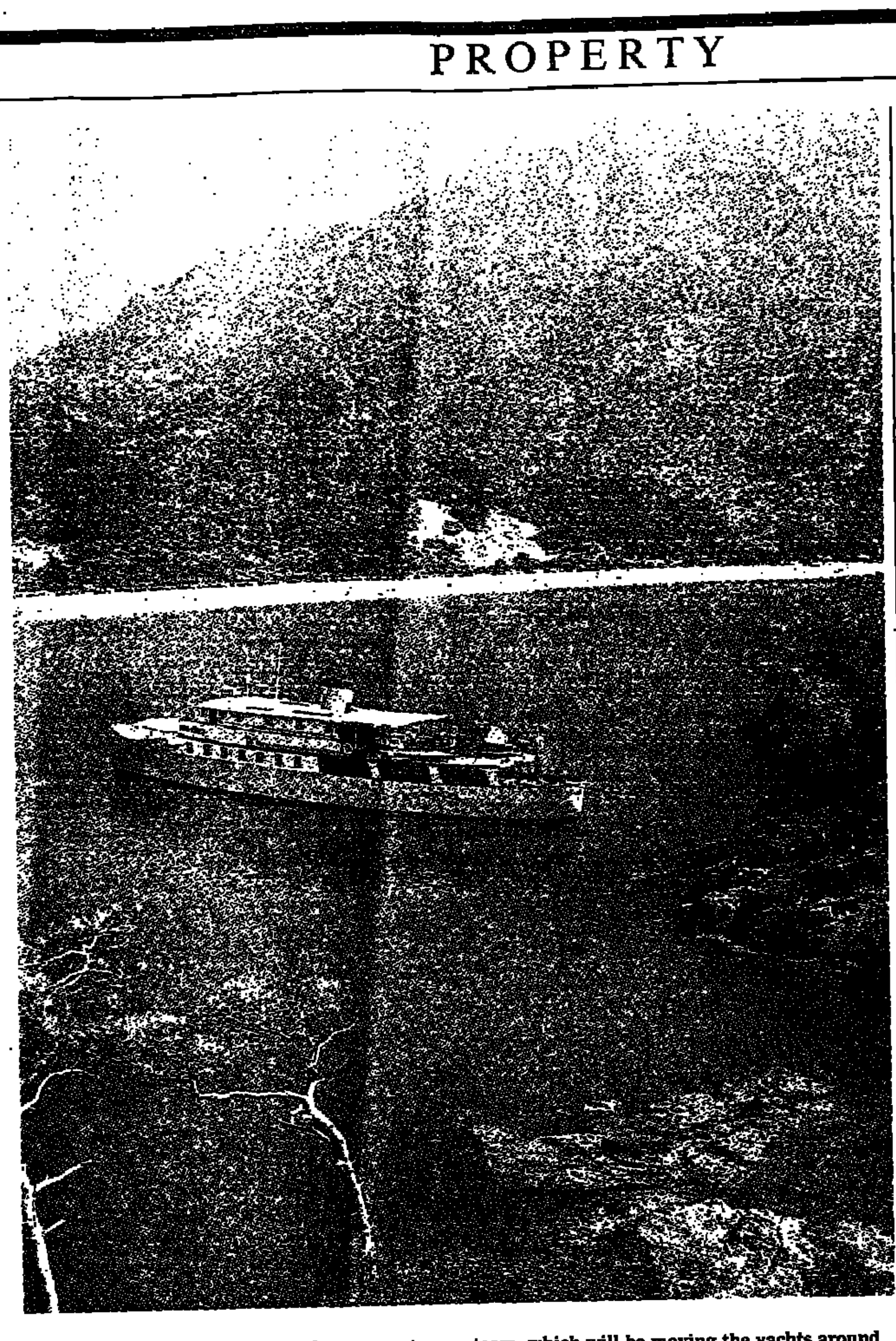
At the committee stage of the Bill in the House of Lords in July, BW accepted the withdrawal of some of its more controversial proposed powers of access and rights to impound boats and their contents. It also agreed to a five-year amnesty for unauthorised houseboats. Assuming that boats are safe, fit for human habitation, not obstructing navigation, preventing development, or moored on sites where a planning application specifically has been refused, BW intends to "make reasonable efforts to secure" sufficient moorings for those houseboats that register before a May 1996 deadline.

But registration between now and then does not result in any guarantee of a right to live on the waterways. BW has not accepted any statutory duty to create new moorings.

Price is keen to see legislative amendments providing security of tenure, control on the levels of rent increases for moorings, and grant aid for boat repair and improvement. And he argues the case for housing associations and co-operatives to extend their work to include management of marinas and moorings.

In the meantime, the lack of legal status for so many houseboat dwellers, and the extent to which the occupancy of so many boat people depends upon authorities turning a blind eye to often long-established boat "parks", means that: "Boat dwellers are forced to rely on goodwill to avoid losing their moorings and even their homes."

■ *"The Right to Moor", PO Box 99 Coventry CV5 9RF, £4.50.*



■ Sotheby's is now selling houseboats – not the kind you see lurching in the mud up a Cornish creek, but something rather more elegant, writes Audrey Powell. It is a new venture for the auction firm. Two years ago it held an auction of classic yachts and found that most buyers preferred to purchase by private treaty. Sotheby's has now set up a department on these lines. The yachts will be offered through its network of offices in 48 countries, a system similar to its International Realty operation for selling residential property.

Just as Sotheby's turns down many homes as being unsuitable for its market, so these classic (and of course, residential) yachts will have to fulfil the firm's criteria for distinction.

Only yachts of classic design or historic interest will be handled by the firm's new team, which will be moving the yachts around the Mediterranean to expose them to a wide potential market.

The first classic yacht to be offered is *Fair Lady*, pictured above, which has had only two owners since she was built in 1928. Principal rooms are panelled in mahogany and retain most of the original fittings and furniture. The satinwood panelled card room is complete with original card table and books which belonged to *Fair Lady's* first owner, an Argentinian businessman.

The 138 ft steam yacht has the latest machinery and navigation equipment to back up the elegance of the furnishing of her saloons, stateroom and cabins.

For this 207 tons of floating nostalgia Sotheby's (071-408-51963) is asking £3m. It is joint agent with Camper & Nicholson (071-491 2950), *Fair Lady's* builder.

Why Spain costs less

*The price of homes is falling in the coastal areas, says **Audrey Powell***

IT IS SALE time in Spain. Buyers in the UK are familiar with falling house prices. Now prices are starting to come down in the Spanish coastal areas that the British used to dominate.

British owners in financial difficulties at home have been forced into distressed sales of property in Spain. This has tended to reduce the price of all property on the "costas". And builders of second homes, with parts of a development completed, are pruning prices to attract Spanish buyers.

On the Costa del Sol, where prices had been climbing continuously, property has been selling slowly or not at all, for the last year.

A typical five-bedroom villa at Sotogrande on three levels, with swimming pool, has been reduced from £575,000 to £475,000. A four-bedroom, three-bathroom beach-front apartment, with views to Gibraltar and Morocco, is down from £383,000 to £275,000.

A two-bedroom, two bathroom penthouse looking over the marina that came on the market at £240,500 can now be had for £158,000. A three bedroom, three bathroom, south-facing second floor apartment, also with views to the Rock, has slid from £274,000 to £183,000. In some cases prices include furniture.

El Encinar, near the Hotel Sotogrande, is an example of developments feeling the pinch in this area of Spain. Here, for example, a recently-completed three to four-bedroom terrace house offered during construction at £156,000 is now available for £104,000.

This is a hilltop project, with properties colour-washed in shades of salmon and ochre. The builder had planned to continue the estate down the slope, but once this first batch of properties has found buyers he will cease work here, at least for a while.

If you prefer a "one-off" home in a country setting a little back from the coast there is an individual property on a steep site looking across a valley. This house has three ensuite bedrooms, lounge, dining area and study and swimming pool. It is 35 minutes from the old city of Ronda and an hour from Gibraltar airport. An adjacent plot is included in the asking figure of £382,200 – down from £437,200.

On average prices in that area have dropped 33 per cent in the last six months, says agents Fincasol, which is offering the properties, and many more, at a reduced sum. Tel: 0348-874361.

If you are in buying mood you do not have to stop at villas or apartments. The Hotel Sotogrande is on the market, complete with its nine-acre grounds. It was built in 1963 and owned and managed by the developers of the estate until sold to a small British hotel chain in 1983. It later went to J Marr (Leisure), which brought it to four-star standard. Recently this company retained Servotel Corporation for the management and marketing of the hotel.

It is offered by Fincasol and Servotel (071-730-9321) at £2.3m. The sum also includes the Valderrama Equestrian Centre. The hotel could be sold separately at £1.3m.

Another agent with examples of sharply reduced housing prices in parts of Spain is Hamptons International. It is offering Las Torres (The Towers) at El Madronal in the foothills of the Sierra de Ronda, about 16 miles from Marbella. This three-bedroom villa, with staff quarters, guest cottage and three acres, came up for sale two years ago at £850,000. It has just been put back on the market at £675,000.

Six months ago a four-bedroom villa adjacent to Las Brisas golf course was priced at £650,000. Now it is £395,000, also through Hamptons.

A trying time

WHILE YOU might not feel that this was the perfect time to buy a second home in Portugal's Algarve it could be worth sampling a "try before you buy" arrangement offered by a UK agency.

Algarve Apartments Villas offers properties in the better-run Algarve leisure developments which you can rent (furnished) for holidays and buy later if the property suits you.

AA&V – a travel and property company – is part of the Sturgis International group. "We set up AA&V primarily as a villa rental organisation, but also with a sales objective," says Martin Sturgis. In the long term, AA&V believes that many of the people who rent will be back to buy.

It is looking ahead to when the UK recession is over, and to when the Algarve has completed its road and other building programmes. The new bridge by-passing Portimao is due to open next month, which will end a frustrating summer bottleneck for both home owners and visitors.

Villas and apartments at the leisure resort of Vale do Lobo can be bought through the agency from £50,000 to £300,000. Or you can rent a furnished three-bedroom villa there from £280 a week in the low season to £840 peak season. A four-bedroom villa with pool costs £580 a week low season, £1,440 peak.

At Quinta do Lago a small beach apartment costs £55,000; a detached three-bedroom villa with pool, backing on to a golf course, is £200,000 furnished. A four-bedroom, four-bathroom villa with pool in an acre plot costs £400,000. For trying out, a three-bedroom villa with pool is in the £510 to £1,740 range per week, depending on time of year. The peak weekly rent for a four-bedroom villa with pool is £2,520.

Not everyone wants to be on a development. AA&V (UK tel: 071-259-5665) also has a few individual properties available under "try before you buy". A tile-roofed four-bedroom, four-bathroom villa in the hills with views to the Algarve coastline is for sale at £275,000. It can be rented for about £1,500 a week, depending on season.

AA&V operates in association with James Aitken & Associates at Quinta do Lago (tel: 009-398116).

A.P.

COUNTRY PROPERTY

GARDENING

Sowing summer seeds

Arthur Hellyer thinks plant breeders are too concerned with uniformity

THE SEASON for the display of trials of seed-raised *plants* is with us and new varieties are *coming* to light. At Suttons Seeds' new trial ground at Ipplepen, near Newton Abbot, Devon, there is a particularly brilliant display of geraniums, petunias, impatiens, marigolds and other favourites.

There is also a plant that was, up to the day I saw it there, no more than a name to me. It is called Agastache mexicana, the Mexican giant hyssop, and it is a half-hardy perennial but Suttons were growing it as a half-hardy annual from seed sown under glass early in the year and planted outdoors when danger of frost was over.

It makes a densely leafy plant with rather nettle-like leaves that are strongly aromatic. The flowers are carried well above them, slender, closely packed spikes of small white or quite deep purple making a distinctive display.

It stood out in the trial beds and I see no reason why it should not be successful as a plant for the mixed or herbaceous border. In some *mild winters* or in very sheltered places, it might overwinter outdoors, but in most places I would expect it to become too badly damaged by frost and rain to be worth keeping on for a *second year*.

The *Plant Finder* lists several nurseries that offers it for sale, including The Margery Fish Plant Nursery, attached to East Lambrook Manor, near South Petherton, Somerset, TA13 5HL. I have visited Margery Fish's old home and the nursery twice recently and found both in excellent condition and well worth a visit, but I did not notice the Agastache.

Another plant that was completely new to me turned up at Unwin's trial at Histon, near Cambridge. This is one of the largest of the seed *trials*, always worth looking at when *it is open. The plant I had* never heard of was Lobelia vallida Blue Ribbons. It has slender stems 15 to 18 inches long, quite able to stand up in a loose shuttlecock of growth, totally unlike any of the other Lobelias I know. It is a good, deep blue, is a bit *too sparse in growth* to be planted on its own, but would look delightful in containers growing through other plants. Again, the *Plant Finder* tells me that nurserymen are ahead of the seedsmen, and that several of them are already offering Lobelia vallida, but without the *additional* garden name, Blue Ribbons. *Langthorns Plantery*, High Cross Lane West, Little Canfield, Dunmow CM6 1TD, is one that I know, but the Lobelia would have to be fetched, as this nursery does not do mail-order. Perhaps it would be easier to wait for seed this coming season.

There are welcome signs that the retail seed firms are gradually shaking themselves clear of the commercial pack plant growers, who, because of their large requirements for seed, tend to dominate flower breeders. What these producers want are varieties that are compact and free-flowering when still young, so that they are able to make a great display in the break-up plastic packs in which they are offered for sale. How they develop after that is not of such immediate interest. They may be fine for *containers, including* window-boxes, and as edging plants, but they are extravagant when it comes to filling large spaces. There is no doubt that there is a potential demand for larger-growing plants.

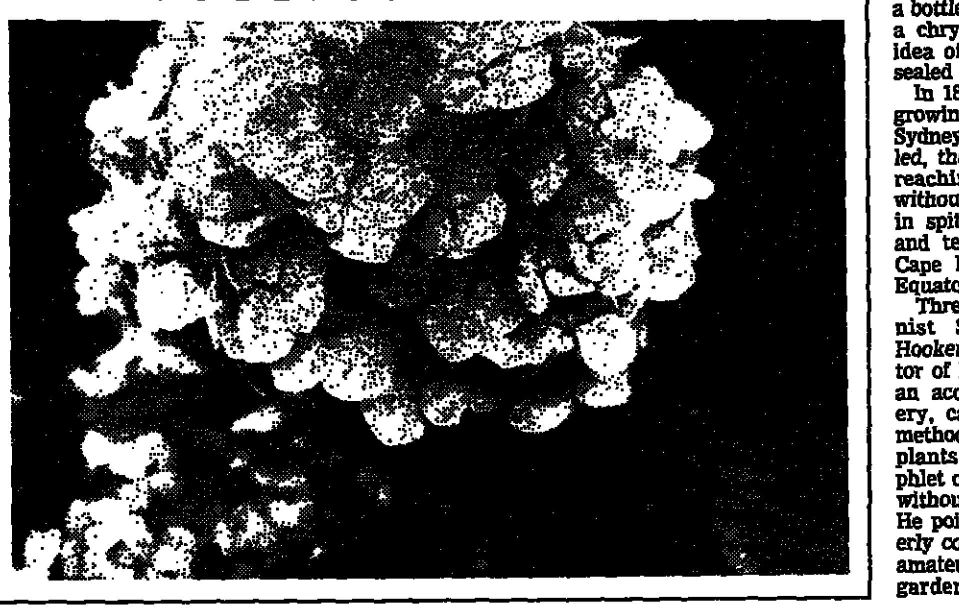
An example of what I am talking about is the proliferation of very compact *varieties of impatiens*, each one hailed as even dwarfer than its predecessor. There is one totally different strain of impatiens named Blitz, with varieties like Blitz White, Blitz Orange, Blitz Salmon, Blitz Red, Blitz Rose, and Blitz Violet, which grows a good foot high and a couple of feet across, generous plants that cover a lot of ground and make a great display for the money one spends on them, but which get very little *publicity*. All the Blitz varieties could be improved because *they take* a long time to come into flower and they hide *their* early flowers among the leaves. I *hope someone will take* note, but I am afraid the economics of bedding-plant cultivation are against it.

Another of my hobby-horses is an objection to what I see as an excessive concern with colour uniformity in seed-raised plants. This has been made possible as a result of the perfection of first-generation, or F1, hybrids. It seems to me to have become rather an obsession with the plant breeders, who reject *everything that does not* reach a high standard of uniformity. Yet, in the garden, *small* variations of height, habit and colour seem desirable and make the plants more interesting. There is also the possibility that a greater emphasis on the desirability of some variation would lead to the increased use of the *second generation (F2) hybrids*, which are at least half the price of the F1s.

Plant of the Week

(Hydrangea Génèrale Vicomtesse de Vibraye)

This is one of the most reliable varieties of Hydrangea macrophylla for producting blue flowers in soil that is *acid* and for flowering outdoors after a hard winter. Many hydrangeas only flower from young shoots produced from the terminal buds left the previous autumn, and if these are destroyed by frost only new shoots without flowers will result. Vibraye will also flower from shoots made lower down the stems. It has a ball-headed type flower that is not *large but there are plenty of them* and the colour is excellent, provided the soil is at least slightly acid. In limey, alkaline soil, the flowers will be pinkish mauve. Vibraye is reasonably hardy, likes plenty of water in summer, and, because of its ability to flower on branch stems, *can be pruned in* winter. AH



A society of fern friends

FERN SEEDS, *it was* once believed, were so *seldom* seen that carrying one in one's pocket or purse conferred invisibility on its owner; a neat trick that could have saved H G Wells' Invisible Man endless laboratory toil.

This is the sort of esoteric lore filed away by the British Pteridological Society, which this year celebrates its centenary. Pteridology is the science of ferns, and the society owes its inception to the mid-19th century discovery that native *ferns* in the wild were producing variations that would make desirable garden plants.

The realisation also led to a Victorian *fern craze* and the publication of a vast number of books on the plants. In his preface to *The Fern Garden* (1860), the (male) author, *Shirley* Hibberd, wrote cynically: "Almost everybody has written a book on ferns, it having become the fashion to consider a knowledge of the subject rather a disqualification than otherwise."

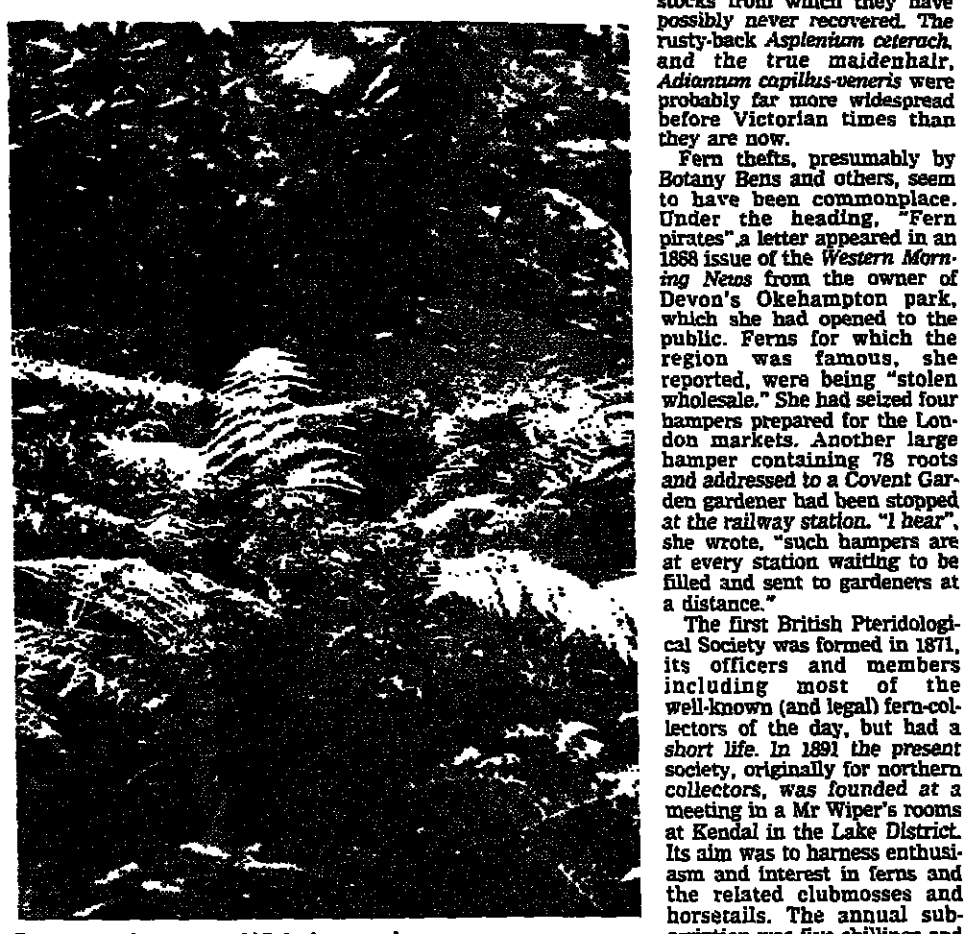
Numerous households boasted their own ferneries or grew ferns in hermetically sealed containers. Fern cases, also known as Wardian cases or *terraria*, were as much a fixture of the Victorian parlour as potted *aspidistras or concealed* piano legs.

The cases were named after Dr Nathaniel Bagshaw Ward, an East End general practitioner who wanted to encourage his working-class patients and neighbours to take up window-gardening, but was irked by the *smoky* atmosphere of the district.

When he noticed the chance sprouting of seedling plants in a bottle in which he had placed a chrysalis, he conceived the idea of building hermetically sealed containers.

In 1833 he sent two cases of growing ferns and grasses to Sydney, where they were refilled, *the contents* subsequently reaching England still alive without having been watered, in spite of exposure to snow and temperatures of 20°F off Cape Horn and 120°F on the Equator.

Three years later, the botanist Sir William Jackson Hooker, *later to become* director of Kew Gardens, published an account of Ward's discovery, calling it "an improved method of transporting living plants." Ward issued a pamphlet on the "Growth of plants without open Exposure to Air." He pointed out that in a properly *constructed container* any amateur could create an indoor garden that would need no attention for up to 20 years.



The plants that aroused Victorian passions

The great advantage of growing ferns in these conditions, whether in Wardian cases or in so called bottle gardens, was that they were protected against the hazards to which *most* house plants were exposed: sudden temperature changes, *dust*, and, *latterly*, central heating.

Unadorned Wardian cases resembled glass aquaria with sheet-glass lids. The Victorians, however, were fond of transforming them into huge *ornaments*; the terraria. These were basically indoor greenhouses designed to *stand* on bureaux or *table-tops*.

Some were bell-shaped. The most *elaborate* were miniature versions of the Crystal Palace or the Palm House at Kew. Many were surmounted by tall lanterns, while others boasted miniature ponds and fountains, and imitation rocks made of *cement-covered coke*. Most had fronts that could be opened like the facades of dolls' houses. Some were heated by gas flames or hot water, periodically renewed. There were even cases that could be wheeled from room to room on castors.

Itinerant plant-sellers, affectionally known as Botany Bens, scoured the countryside for ferns and travelled from door to door hawking them from baskets slung on their arms. A great deal of time and money was devoted to the breeding of feathery, crested, tasselled and leafy forms of *common ferns*. Unfortunately the Botany Bens appears to have *collected them so* enthusiastically that the plants suffered a *depletion of natural* stocks from which they have *possibly never recovered*. The rusty-back *Asplenium ceterach*, and the true maidenhair, *Adiantum capillus-veneris* were probably far more widespread before Victorian times than they are now.

Fern thefts, presumably by Botany Bens and others, seem to have been commonplace. Under the heading, "Fern pirates", a letter appeared in an 1868 issue of the *Western Morning News* from the owner of Devon's Okehampton park, which she had opened to the public. Ferns for which the region was famous, she reported, were being "stolen wholesale." She had seized four hampers prepared for the London markets. Another large hamper containing 78 roots and addressed to a Covent Garden gardener had been stopped *at the railway station*. "I hear", she wrote, "such hampers are at every station waiting to be filled and sent to gardeners at a distance."

The first British Pteridological Society was formed in 1871, its officers and members including most of the well-known (and legal) fern-collectors of the day, but had a *short life. In 1891 the present* society, originally for northern *collectors, was founded at a* meeting in a Mr Wiper's rooms at Kendal in the Lake District. Its aim was to harness enthusiasm and interest in ferns and the related clubmosses and horsetails. The annual subscription was five shillings and each year a meeting was held *on August Bank Holiday to* discuss business matters, listen to a talk by a society member and, of course, hunt for ferns in their native habitats.

One contributor to the society's annual reports, C T Druery, founded the British Fern Gazette. With a phenomenal knowledge of ferns and their varieties, he *made crucial discoveries about* their sexual generation that led to a new botanical investigation field. Today the society boasts an international membership.

Ivor Smullen

ARTS

Smouldering: Kelly Hunter as Lola Alastair Muir

The other angel

WHEN Heinrich Mann wrote *Professor Unraat Oder Das Ende Eines Tyrannen* in 1905, it signalled that 1890s Decadence had at last arrived in Germany. Now it has reached The Other Place in Stratford-Upon-Avon in Pam Gems' adaptation, *The Blue Angel*, directed for the RSC by Trevor Nunn.

The Other Place has been rebuilt since September 1989. This is a conservative choice for the reopening; the story is already tried, tested and out of copyright. *Der Blaue Engel* (1930) is a classic of Weimar cinema, although its American director, Josef von Sternberg, was on loan to the German State film company Universum Film Aktiengesellschaft from Paramount; in it, Marlene Dietrich turned sexual vice European.

The story is an archetype: Professor Raat is a middle-aged schoolmaster who becomes besotted with a Hamburg nightclub chanteuse, Lola; he marries her, and permits himself to be humiliated as her stage partner. *Der Blaue Engel* allowed the European middle-class to frown at his foolishness, and the New World to smile knowingly at his rediscovered sexuality. The 1991 Gems version keeps the social ostracism and the sexual obsession; but now faces a cross-cultural audience which either inverts that previous reaction, or finds the issue wanly obsolete. Here in *The Blue Angel*, Gems introduces a new issue by having the Professor blackmail his way back to favour with the peers who have rejected him; eventually he is double-crossed and dies in Lola's arms.

The wonderful Friedrich Holländer and Mischa Spoliansky songs, which punctuate the action, allow the plot to be as flimsy as Lola's stage costumes, hanging by the odd suspender yet making an apparently substantial evening. Noel Coward knew the potency of cheap music; here the songs are precisely deployed when the plot slips. "Nimm'dich in acht vor Blonden Frauen" ("Beware Blondes") and "Jonny", both by Holländer and sung by Lola, are showstoppers and show revivers.

Kelly Hunter as Lola sings, dances, flirts and smoulders; her fine performance keeps the show together. Opposite her, Philip Madoc as Raat plays a character stiffer than his starched collars; his timing is exact, his gestures apt and subtle. The nightclub is peopled by a cast of vaudevillians, all rouge and enterprise: fat women eating to stay in work, a temperamental strongman with an off-colour python, a mute clown are presided over by a raddled master of ceremonies and *"prestidigitateur extraordinaire"*, well played by Sidney Livingstone.

Nunn's direction is impeccable; the ensemble scenes seethe with energy, and the tense schoolroom is controlled to suit Madoc's stern, forbidding style. Nunn has never shied from doing the obvious and making it work brilliantly: to conclude the evening, Lola sings "Ich bin von Kopf bie Fuss auf Liebe eingestellt" ("Falling in love again"), sitting on the piano, in a spotlight, alone and faltering.

The Blue Angel inevitably feeds off the popularity of *Der Blaue Engel* and features the particular talents of Hunter and Madoc. This play of the film of the book makes an enjoyable evening, but is too far from its originals to deliver the social and psychological comment offered by them. At the moment it is a vaudeville act: songs and jokes lead by a surefooted director.

The revamped Other Place lacks the inconvenient charm of its predecessor; the shape of the theatre remains a two-tiered three-sided square, but now the facilities are improved, and Michael Reardon's spacious building should not date too quickly. One hopes it will endure as long as Heinrich Mann's story.

Andrew St George

Edinburgh Festival

Graffiti on the Parthenon

Clement Crisp deplores Béjart's reworking of Wagner

I HAVE long treasured a newspaper report from a magistrate's court, in which a man was accused of "administering a noxious thing" to some unfortunate creature. The good citizens of Edinburgh might feel like instituting similar proceedings against the Berlin Ballet. On its first visit to the Festival the troupe has brought a very noxious thing indeed: Maurice Béjart's *Ring round the Ring*, a Wagnerian fantasy of stupefying length (4¾ hours with one interval) and numbing pretensions.

Béjart provides a programme note in which he states that his aim is not to create a ballet about *The Ring*, or to re-tell its plot. He then proceeds to do just that, in a manner which followers of his work for the past 30 years will find all too familiar, the rattle of oh-such-clever production ideas a counterpoint to vastly unilluminating dance. Béjart has ever had a fondness for grappling with huge themes. He is the Big Daddy of artistic wrestling, able to floor the most intractable subjects (the French Revolution; Petrarch; Faust; Nijinsky; the Mediterranean have all submitted after one bout), and the *Ring* presents no problems at all. Except, of course, that it is a monument complete unto itself, and that what Béjart does is merely graffiti on the columns of the Parthenon.

His procedure is to tell in short form the events of the tetralogy. Modern dress is *de rigueur* – we sense the shadow of Patrice Chéreau – and the action is hustled along by Michael Denard as narrator (in German, with hurried surtitles which at least help one to miss some of the fatuities on stage). The score is shared – to coin a phrase – between passages from a superb recording of the operas (the programme does not identify this), and the pianist Elizabeth Cooper, who not only plays with commendable verve, but is also called upon to act like the Crummles's Infant Phenomenon throughout, registering more emotion than one might meet on a busy day at a drama school.

The elisions and Béjartian glosses, the brutalisation of score and narrative, would be wearisome to relate. Wagnerites must cringe at the hideous shifts between orchestral recording and crashing piano continuation (or mad-cap changes) of the score. But laughter rather than anger should greet moments as bathetic as that when Brunnhilde (the Valkyries shown as frog-women in silly hats and pink point shoes) submits to Wotan by offering him her shoes, or when Siegfried's funeral-pyre music finds Brunnhilde and Loge enjoying a ball-room sequence. At times of particular despair during the evening – the minutes flying like hours – I wondered if Béjart were trying to be Anna Russell, but her wit (and her musical sensibilities) were nowhere in evidence, though the placing of Brunnhilde upon a grand piano to represent her fire-girt rock was a truly lovely and Russell-ish moment.

And so it went on, and on. And on. Peter Sykora's brave design shows the stage as an arena backed by mirrored panels, with costumes that range from the urban and dull to old Bayreuth traditional. (Fafner, as a looming Kabuki figure on stilts, is very fine). A large cast is deployed, and the Berlin troupe (with what I assume are guests from Béjart's company) are tirelessly devoted to their tasks. Most labour in vain to breathe life into the tics and platitudes that are the sole movement identity of these gods and humans. I saw, on Thursday night, two gifted young Kirov artists – Julia Makhalina and Igor Zelensky – going to the bad as Fricka and Donner. It was Peter Schaufuss (director of the company) who dominated the staging as Alberich. His performance was astonishing in its darkness and sense of frustrated ambition – I have never seen him more powerful – and the only moment in which Béjartian procedure seemed to me in any way valid was in the scenes between Schaufuss and Martin James as a no less compelling Hagen, where the music's voice found credible physical expression.

Patrick de Bana as Wotan

At the close of this preposterous evening, richly burdened with Béjartian mannerism – bare-chested boys, bearing coloured fans; outbreaks of winsome capering that pass for either merriment or malice – there is the sense of having been cheated. *The Ring* has been guyed. A few sections of uninventive choreography have been embedded in a morass of wilful production ideas. Many able dancers have been put through the flaming hoops of Béjart's theorisings. The score has been turned into "gems from Bayreuth", not unlike Chabrier's *Ring* quadrilles. Towards the end of the first two-hour section the surtitles observe: *There is only one thing to wish for – the end.* As the final curtain at last seems a possibility, another message flashes up: *I'm leaving this madness for ever*. Truth will out.

The programme book, yet again, is inadequate. There is no list of the company, no information about the dancers, no indication as to which recording is used in the performance. The Festival must do better.

Tito the true

THIS YEAR has seen any number of productions of *La clemenza di Tito*. The incentive to mount the opera has been the Mozart bicentenary celebrations, but its re-appearance suddenly looks timely for another reason, as its theme is that of an abortive coup and its aftermath, in which the Emperor Titus shows clemency to his betrayers.

It has been remarkable how each of the world's major operatic centres has stayed true to itself in interpreting Mozart's political opera. Salzburg, reviving its production of a couple of years ago, paid for big stars and an empty, pompous setting. Berlin's Deutsche Oper weighed the opera down with political symbolism. Glyndebourne, essaying the work for the first time, preferred an oblique production, over-rated in my opinion.

The opening night of this new production at the King's Theatre on Thursday marked the first visit by Scottish Opera to the Edinburgh Festival since 1984. It was an important date and the company played safe by taking up its turn to present a joint production shared with Houston Grand Opera, where the staging had already been counted a success. How then does their *La clemenza di Tito* find a place for itself on the international operatic map?

Most prominently, I would suggest, in one distinctive area. This was the musical performance. Nicholas McGegan conducted the Scottish Opera Orchestra with such a bracing grip on sounds and rhythms that it was tempting to go down to the pit and see if they were not really authentic instruments that were playing. In an opera that is all about the pressure of political tensions, his drive and intensity were to be of critical importance.

The more so as the production itself would seem to have lost some of its cutting edge on the passage across the Atlantic. Stephen Wadsworth, the producer, has set the opera among Roman ruins at about the time of its composition. There is nothing overtly wrong in choosing the milieu of the French revolution, where the ideals of *liberté* and *fraternité* are already well installed; it is just that the opera's grand and tragic people are reduced to everyday stature.

In this setting the Emperor Titus becomes a mild man of letters, an enlightened ruler who mixes easily with his subjects. Glenn Winslade played him with a fine air of benevolence and sang Titus's difficult music without strain. Instinctively, I feel that this reading of the role is the right one, although the lonely and irritable figure proposed in Berlin revealed unsuspected depths in the character.

The King's Theatre is an ideal venue for an opera of this scale, and the singers came across well there. Anne Mason made a particularly strong impact as Sextus, getting a real grip on the words (in a new English translation) and making drama out of them. Juliana Gondek was a spitfire Vitellia, though it was only with her last aria that she seemed confident enough to give her voice free rein. Cheryl Barker made her mark as Annius. Claire Daniels's Servilia and Robert Poulton's true Publius completed an able cast.

Salzburg had the exciting singers; Berlin put forward the production which made one think about the opera anew. But Scottish Opera has acquired a *Clemenza di Tito* which is serviceable and refrains from doing Mozart any untoward violence. No fireworks, but then those were to come later. Edinburgh's annual firework display really is one of the best: the sight of those silver rockets dancing an elegant Polonaise to Chaikovsky's *Eugene Onegin* is not to be missed!

Richard Fairman

Light, bright Mozart

THIS LATEST instalment of "Mozart Now" at the Festival Hall was a concert performance of *Die Entführung aus dem Serail*, energetically mimed as if the cast had come straight from a full-dress staging – as perhaps they had, though here they were confined to evening dress.

They had a fair amount of playing-space for the comedy, raised behind John Eliot Gardiner and his English Baroque Soloists. The arrangement put the voices at a slight disadvantage: particularly in the breezier ensembles, they were liable to disappear into the orchestra. When the DG Archiv recording comes out next year, we shall hear more of them.

Evidently Gardiner had wanted light, flexible voices, attuned to his reading of the score – bright and generally fleet, though not hasty. Only the "Vaudeville"-quintet at the end seemed rushed, as if it were just an up-tempo epilogue; those forgiving declarations by the lucky ex-captives sound more gracious at the usual gentler pace. (The final chorus of Janissaries, after all, makes as lusty a close as could be.) But nobody seemed uncomfortably pressed: Cornelius Hauptmann's jolly-sinister Osmin kept up to the mark with notable ease, though his bass register – *just* reaching the most subterranean notes – boasted the proper amplitude.

His duet with Stanford Olsen's Belmonte, and then their trio with Uwe Peper's Pedrillo, had plenty of athletic excitement. Most onstage renditions are more cautious, or else just untidy. Olsen displayed a tenor of attractive promise, not a large voice but but sweet and cultivated (with excellent German for the spoken dialogue). His "O wie ängstlich" caught the exact note of tremulous longing, where your average Belmonte treats the aria as a lyrical exercise, and he did no less for "Wenn der Freuden Tränen"; it was not his fault that "Ich baue ganz" seemed as usual to stop the action in its tracks.

Peper's practised Pedrillo was fine, eager and lively. His Blondchen, the young American Cynthia Sieden, was true-voiced and charming – for the moment a lovely soubrette, probably capable of much more. The Czech Luba Orgonasova was a Constanze of strength and subtlety, generous of feeling. The absence of steel in her "Martern aller Arten" seemed no loss; in fact she and Gardiner treated that showpiece to a bold variety of dramatically expressive tempi, and it worked like a "melodrama" in the antique sense. Perhaps the Neue Mozart-Ausgabe score gives documentary justification for this interesting treatment.

In the spoken role of Pasha Selim, Hans Peter Minetti offered a leisurely, expansive characterisation, as German actors like to do. The little chorus was of course Gardiner's Monteverdi Choir, who were allowed some pieces of the visible action. As expected, the English Baroque "period" instruments lent fresh colours to innumerable passages (and there were new touches from the new edition). Among their expert soloists, Rachel Beckett's piccolo whizzed away with special brilliance: one had not quite realised before how vital it is in this score. All in all, a delectable evening.

David Murray

Radio

The science of life

AS IF moved by the news that the A-level results had shown an increasing superiority of arts entrants over science, Radio 4 has embarked on a series of science-fiction plays. They began on Monday with Huxley's *Brave New World*, dramatised by Stephen Mulrine. The neo-sociology of the world 600 years from now doesn't seem as exciting today as it did in the 1930s, but the alarms of Linda and her son John ("the Savage"), when transferred from a quasi-1930 New Mexico to the contemporary modern scene, are dramatic and sometimes amusing. Frances de la Tour was moving as Linda, who had known both civilisations; Gary Cady was effective as the Savage and Moir Leslie touching as Lenina, the with-it girl he would like to have loved. (A new edition would rename her Yeltsina.) Marilyn Imrie directed.

Kaleidoscope on Wednesday produced not only an interesting talk by Nigel Andrews on the film *Prospero's Books* but a dramatised story by Ray Bradbury about the crew of a wrecked space-ship, very sentimental but careless about science. Two more SF plays to come next week.

Science on Radio 3 as well, where *A Passion for Science* was an engaging talk between scientists Lewis Wolpert and Jonathan Miller. Dr Miller could not help introducing art, but Professor Wolpert hardly matched him. He professed himself a literary failure, and the arts he spoke of were sociology, psychology and so on, which I would call science. Most interesting to me were the concluding exchanges about science and religion. Neither accepted any kind of "supernatural" entry in scientific processes, yet they agreed that researchers into the highest physical science were often committed Christians.

Art was served by Radio 3 the same evening with its final Divine Comedy, John Mortimer's Mr *Luby's Fear of Heaven*. Mr Luby, lecturer and atheist, had fallen from a balcony and found himself in an Italian hospital under a ceiling that represented Heaven as painted by Lorenzo Lotto, so Heaven was where he feared he must be. As he disbelieved in it and disapproved of all he had heard about it, he was pretty troubled. Mortimer's jokes and Sir John Gielgud's playing were a beautiful match, and I enjoyed Peter Woodthorpe as Fletcher in the next bed, knifed by a chemist whose wife he had been after. The production, dating from 1976, was directed by John Tydeman.

And before I leave the drama, a word for LBC's version of Conrad's *Heart of Darkness*. This goes out nightly, five minutes at a time. It is not easy at first to get involved in these short instalments, but (as usual with the production and direction of Tim Crook and Richard Shannon, masters of the art) the original story is closely followed. I have enjoyed what I have heard.

There is more to life than art and science, and for the last couple of weeks I have heard Radio 4's *In Business*, on Wednesday. Last week this featured a series of interviews with Asian businessmen about their relationship with BCCI; this week, there was an account by Peter Day of a garden-party given by Beryl Bakewell, an Englishwoman who manages a branch of a German bank in Ingolstadt, where they make Audis. Neither staff nor customers found anything unusual in her appointment; "I don't mind if she's German or Spanish or anything," one said. Audi is actually keen on taking on non-German – *European* – workers.

B.A. Young

Chess No 887:
1 Rg1. If Kd5 2 Ka5 Kc5 3 Qd4. If Kd3 2 Ka3 Kc2 3 Qc4. If Kxf5 2 Kc5 Ke6 3 Qg4. If Kxf3 2 Kc3 Ke2 3 Qe4. If Kf4 2 Kc3+ and 3 Qg4.

Non-stop Sessions

JOHN SESSIONS' one-man show at the Haymarket is terrific. If you want to see how one individual can fill a relatively large, traditional theatre, see this. If you want to see the best that a stand-up comic can do, that is another reason for going. A third might be if you like utterly zany cultural eclecticism, for that is what this is.

Travelling Tales is written and performed by Sessions himself. We already knew from his previous performances of Napoleon that he had a huge range and imagination. This production goes beyond a single empire. It starts with the creation of the world with Sessions sitting high up on the umpire's (or God's) chair: "Well, we got a few things right, like Shakespeare." Then it whizzes around the cultural history from the primeval to the ultra-modern.

I would defy anyone to catch every single reference, but here are a couple of recurrent strands. One is the animals of the jungle trying to make the cover of the National Geographic. "I'm a jaguar, and I've never made it." It seems that the tree frogs win all the time. "If you meet a Prince, it's ten-to-one he's been a frog." Once you're in the rain forests of Brazil, it's a simple move to Robert De Niro. "Why don't you make the greatest ecological movie of all time?" De Niro is shipped off to England "like Hamlet" to play with the Trevor Noble lot at Stratford-on-Sea. Those are the Hollywood, glossy magazine images.

The second strand starts in Vienna 1907 with Freud, Hitler, Mahler and other distinguished names of the city at that time. Freud sends the budding revolutionary and the composer to America to get them out of the way. Hitler does not like the Atlantic. "Look at that sea splashing about. What does it want? Should be covered in tarmac." The young Adolf arrives in Hollywood where he announces himself as "an extremely funny comic from Vienna".

In 1932 he catches up with *Mein Kampf* and A J P Taylor's *Origins of the Second World War* in a bookshop. In the end he is sent to entertain Saddam Hussein with the blessing of General Schwarzkopf.

Mahler meanwhile has taken the wrong bus to the opera in New York and is being taken to the opera club, a joint in Minnesota. Revealing himself as a musician, he is asked to sing on the way. Songs of the Earth does not go down too well.

There is lots more besides. All this, remember, is played by Sessions himself with only screen images in the background to help. It is the juxtaposition of the images that makes it so zany. Sessions does it with breath-taking speed and changes of character and voice. Some people might find the eclecticism irritating, even pretentious. I found it a non-stop delight. The show is presented by the Renaissance Theatre Company and directed by Tim Supple.

Malcolm Rutherford

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TELEVISION

SATURDAY

BBC1

6.40 Open University. 7.30 Pinocchio. 7.50 Kissyfur. 8.15 The 8.15 from Manchester. 9.52 Weather.

9.55 Grandstand. Including 10.00 Athletics including 11.00 women's 1,500m final. 11.20 men's 3,000m steeplechase final. 12.45 Rowing: World Championships. 1.25 Golf: The European Open. 2.00 Racing from Chester: The Tricity Bendix Princess Handicap. 2.05 Motor Sport: British Touring Car Championships. 2.30 Racing: *The Tricity Bendix President Nursery Handicap.* 2.35 Golf. 3.00 Racing: The Tricity Bendix Series Six *Chester Stakes.* 3.05 Golf. 4.15 Athletics. 4.35 Final Score. Times *may* vary.

5.00 News; Weather.

5.10 Regional News and Sport.

5.15 Only Fools and Horses. Classic comedy starring David Jason and Nicholas Lyndhurst.

5.45 The Russ Abbot Collection. An opportunity to look back at some of Russ Abbot's best comedy sketches over the past five years. A new series begins on Friday *next.*

6.20 Film: Indiana Jones and the Temple of Doom. Harrison Ford returns as the 1930s archaeolo*gist and adventurer.* This time he embarks on a quest to save a small village by retrieving the sacred Sankara stone. Also starring Kate Capshaw (1984).

8.15 Birds of a Feather. New series. Comedy starring Pauline Quirke and Linda Robson.

8.45 The House of Eliott. Beatrice and *Evangeline Eliott are left virtually* penniless when their doctor *father dies. First in a 12-part* period drama. Starring Stella Gonet and Louise *Lombard.*

9.40 News and Sport; Weather.

10.00 Film: The French Lieutenant's Woman. A passionate affair changes the lives of a Victorian gentleman and a governess abandoned by her French lover. *Starring Meryl Streep and Jer*emy Irons (1981).

12.00 Film: The Flesh and the Fiends. In Edinburgh in the 1820s, Dr Robert Knox is scandalising his more orthodox colleagues by encouraging the trade of the body *snatchers.* Starring Peter Cushing and Donald Pleasence with *George Cole,* Billie Whitelaw *and* Dermot Walsh (1959).

1.30 Weather.

1.35 Close.

BBC2

6.50 Open University.

2.45 Mahabharat. (English subtitles).

3.25 The Sky at Night. Polaris, the Pole Star.

3.50 Film: The African Queen. When *her home is destroyed* by invading Germans, prim missionary Rose Sayer finds an unlikely saviour in Charlie Allnutt, the gin*drinking* captain of the African Queen. Classic drama starring Katharine Hepburn and Humphrey Bogart with Robert Morley and Peter Bull (1951).

5.30 The Shadow. *Two farmers, from* Perthshire and Portugal, shadow *each other at work. Donald* McGillivray, who rears sheep, goats and cattle, as well as raising crops, is impressed by the subsidies to which Paula Afentejo has access to help her run a farm whose mainstays are cork and sheep. She in turn is overwhelmed by his sophistication and both agree on the need to improve the treatment of livestock.

6.00 Mahler 8. Mahler's Eighth Symphony performed by The London Philharmonic Choir, The London Symphony Choir and Eton Boys Choir. Conducted by Klaus Tennstedt with soloists Julia Varady, Jane Eaglen, Susan Bullock and Trudeliese Schmidt.

7.35 News and Sport; Weather.

7.50 *The Last Days of Leningrad.* A look at Russia's most beautiful city, now returning to its former name, St Petersburg. This programme marks the 50th anniversary of the Siege of Leningrad in which one million inhabitants were killed.

8.00 Timewatch Special. A look at the German occupation of Leningrad which began in 1941 and lasted for 900 days. When the German army attacked, they encountered unexpected and fierce resistance, *and so began the blockade of* Leningrad.

9.30 World Athletics Championships. *Three of the four fastest men in* the world this year are Japanese, *but they will face stiff competition* from the other contenders in tonight's men's marathon. *Intro*duced by Desmond Lynham.

12.35 Close.

LWT

6.00 TV Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm Superman.

1.00 ITN News; Weather.

1.05 LWT News; Weather.

1.10 Saint and Greavsie.

1.55 Cartoon Time.

2.15 Film: The Spirit of St Louis. James Stewart stars as Charles Lindbergh in this account of his early life and his historic trans-Atlantic solo flight in 1927. With Murray Hamilton and Patricia *Smith* (1957).

4.45 Results Service. The latest footballing scores and stories.

5.00 ITN News; Weather.

5.05 LWT News; Weather.

5.15 10 Sharp! New series.

5.30 Film: *Baywatch: Panic at Malibu Pier.* David (Knight Rider) Hassel*hoff throws off his clothes to star* as Mitch Bucannon, a veteran coast guard who oversees lifeguards on bikini-packed Californian beaches. Feature length pilot which launched the TV series. With Parker Stevenson (1989).

7.15 It'll Be Alright on the Night 6. *Classic moments from LWT's* 21 years of top entertainment shows, *introduced by Denis Norden.*

8.15 Film: A View to A Kill. James Bond battles against a sinister villain (Christopher Walken) who plans to destroy the heart of the *world's computer industry* — Silicon Valley in California. Roger *Moore makes his final appear*ance as Agent 007 with Grace Jones and Tanya Roberts (1985).

10.40 *ITN News and Sport; Weather.*

10.55 LWT Weather.

11.00 Film: *Porky's.* Madcap comedy about the amorous adventures of a group of girl-crazy teenagers in *South Florida, whose sole aim in* life is to sample the pleasures of the flesh as often as possible. Starring Dan Monahan, Mark Herrier and Wyatt Knight (1982).

12.55 1991 UK Triathlon: *Over* 200 contestants compete for the Tayside Trophy; ***ITN News Headlines.***

2.00 Bhangra Beat; ITN News Headlines.

2.30 Coach; *ITN News Headlines.*

2.55 Baseball 1991.

4.00 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Class by Class. 10.00 *Check Out 91.* 10.30 Wagon Train. 11.30 Australian Rules Football. 12.30 pm The Munsters.

1.00 Film: The Gay Sisters. Three sis*ters refuse to sell their New York* mansion to make way for development. Starring Barbara Stanwyck, George Brent, Geraldine *Fitzgerald,* Nancy Coleman and Gig Young (1942).

3.05 Channel 4 Racing from Sandown. Including *the 3.10 Bernard Sunley* Charitable Foundation Graduation Stakes, 3.40 *Texas Homecare* Stakes (H'cap), 4.15 Variety Club Gold Heart Maiden Stakes. 4.45 Palm Beach Club Stakes (H'cap). *Introduced by Derek Thompson* with commentary by Graham *Goode.*

5.10 Brookside.

6.30 The Big 8. Wheelchair basketball tournament. Telford Celtics v Oldham Owls, and Sheffield Steelers v Team Thistle. Introduced by Martin Duffy.

7.00 The World This Week. Nik Gowing and Sheena *McDonald* present international news and views.

8.00 The World of the Beaver. An intimate study of *Castor,* a beaver living among the Rocky Moun*tains. Stunning underwater pho*tography shows how fearless the beaver is in its own element. Previously shown on ITV.

9.00 Film: And The Pursuit of Happiness. *Louis* Malle's absorbing documentary about the differing aspirations of immigrants in the United States. The experiences of the immigrants goes from elation at the achievement of freedom, to nostalgic longing for their homeland (1986). Malle is also the narrator.

10.30 As It Happens. Pete McCarthy reports by satellite from Tallinn, capital of Estonia, as this Baltic republic prepares for independence.

12.00 Manhattan Cable.

12.50 The Oprah *Winfrey Show* with Dolly Parton, who talks about her music, her philosophy and her 25-year marriage to the same man as well as discussing her image, her latest album and plans for a new movie.

1.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Animated Shorts 1.05 Anglia News. 1.55 The A-Team. 2.55 Father, Dear Father. (1973) 5.05 Anglia News, Sport. 5.20 Cartoon Time

BORDER:
12.30 Munsters Today. 1.05 Border News. 1.55 The Silk Road. 2.50 The Secret of the Incas. (1954) *5.05* Border News and Weather 5.15 Cartoon Time. 11.00 The Granada Match. 11.55 *The Stud. (1978)*

CENTRAL:
12.30 Champions. 1.05 Central News 1.55 *The* Spectacular World of Guinness Records. 2.20 Cartoon Time. 2.35 The Assassination Bureau. (1968) 5.05 Central News 5.15 Central Sports Special

CHANNEL:
12.30 Blockbusters. 1.05 Diary Dates. 1.55 The *Life and Times of Grizzly Adams. 2.50 Hannibal* Brooks (1969) 5.05 Channel News 5.10 Bertie the Bat. 5.15 Puffin's Pla(i)ce. 5.20 Cartoon.

GRAMPIAN:
12.30 Beatha'n Fhasaich. 1.05 Grampian Headlines 1.55 Fionnan Feoir. 2.25 Battleflag. 4.45 Scotsport Results. 5.05 Grampian Headlines. 5.10 Criomagan. 5.15 Put It in Writing. 11.00 Kojak. 11.55 The Stud. (1976)

GRANADA:
1.05 Granada News. 1.55 Half a Sixpence. *(1967) 4.35 Cartoon. 5.05* Granada *News* 5.15 Granada Goals Extra. 11.00 The Granada Match. 11.55 *The Stud. (1976)*

HTV:
12.30 Press Your Luck. 1.05 HTV News. 1.55 Kidnapped. (1971) 3.50 The Life and Times of Grizzly Adams. 5.05 HTV News and Sport.

HTV Wales as HTV except:
12.30 The Munsters Today. 5.20 Cartoontime.

SCOTTISH:
12.30 My Secret Identity. 1.05 Scotland Today. 1.55 Cartoon Time. 2.15 Those Magnificent Men In Their Flying Machines. (1965) 5.05 Scotland Today. *5.15 Cartoon* Time. 11.00 Baker and Maguire at the Festival.

TSW:
12.30 The South West Week. 1.05 TSW News. *5.05 TSW News and Sport. 5.15 Gus Honey*bun's Cartoontime. 10.55 TSW Weather.

TVS:
12.30 Blockbusters. 1.05 TVS News 1.55 The Life and Times of Grizzly Adams. 2.50 Hannibal Brooks. (1969) 5.05 TVS News 5.15 Cartoon.

TYNE TEES:
12.30 Peppino. 1.05 Regional News. 5.05 Northern Life Special. 5.15 Cartoon Time. 11.00 Kojak. 11.55 The Stud. (1976)

ULSTER:
12.30 The Intruders. 1.05 Ulster Newstime 5.05 Ulster Newstime 5.15 Cartoon Time. 10.55 Ulster Newstime 11.00 The Granada Match. 11.55 Porky's. (1982)

YORKSHIRE:
12.30 Heidi in Town. 1.05 Calendar News. 1.55 *Soccer in the Seventies.* 2.25 *The 7th Dawn.* (1964) 5.05 Calendar News. 5.15 Cartoon Time. *10.55 Local Weather.*

S4C Wales as Channel 4 except:
9.30 Slot Sadwrn. 12.30 Sixthirtysomething. 6.30 *The Wonder Years. 7.00 Newyddion.* 7.10 Gemau Heb Ffiniau. 8.40 He-Play: The Dogs. *8.55 Lacombe Lucien.* (1974) 11.30 Frank's Place.

SUNDAY

BBC1

6.50 Open University. 7.15 World Athletics Championships. 10.30 Greenbelt. 11.30 See Hear!

12.00 Some Enchanted Evening.

12.30 Country File.

12.55 Weather for Farmers.

1.00 News; Speaking Volumes. Books by *Jackie Collins, William Gold*man and Philip Roth. Plus a look at the art of travel writing.

1.45 Cartoons.

2.00 EastEnders.

3.00 Dallas.

3.45 Film: Midnight Lace. A voice in the fog, frightening phone calls and a near-fatal accident leads the wife of a wealthy financier to *believe her life is in danger.* Unfortunately her family and the police *doubt her word — and her* sanity. Starring Doris Day (1960).

5.30 Cartoons.

5.45 Safari UK: The Living Isles. The speed of today's agriculture has *outpaced many farm creatures* such as harvest mice, and now only opportunists like the fox and the rook survive the relentless cycle of the plough. Julian Pettifer investigates.

6.25 News.

6.40 Songs of Praise.

7.15 Keeping Up Appearances. New series. Starring Patricia Rou*tledge and Geoffrey* Hughes.

7.45 Bread. New series.

8.15 Trainer. New series. Following the fortunes of young horse trainer Mike Hardy. Given the opportunity to train horses for a millionaire property developer, *he sets out to make* his name in the glamorous and exciting world of racing. *Starring David* McCallum and Susannah York.

9.10 News and Weather.

9.25 *Screen One: Hancock.* New season. The funny and poignant story of *Tony Hancock's life in the* years after his 1961 success with The Blood Donor. Feature length film starring Alfred Molina and Frances Barber.

11.25 *Everyman.* When *does a criminal deserve to die?* In California, the *members of a jury who convict* a murderer have to decide the *killer's sentence* at a separate trial known as the penalty phase, with two *options* — life imprison*ment* or the gas chamber.

12.05 Mahabharat. (English subtitles).

12.45 Weather.

12.50 Close.

BBC2

6.35 Open University. 12.00 English Romantic Poetry in Italy. 12.25 pm English Whose English? 12.50 Holiday Outings. 1.00 Open University: Care in the Community.

1.25 Sunday Grandstand. Introduced by Desmond Lynam. Including 1.30 *Athletics: The World Champi*onships from Tokyo. This morning's last eight finals. 2.30 Motor Sport: Round 12 of the British Formula Three Championships. 3.00 Golf: The European Open Championship from Walton Heath. 5.00 *Athletics. Further cov*erage. Times may vary.

6.00 This Is Your Life. First in a series of repeats of the programme that became a national institution *under* Eamonn Andrews and later transferred to ITV. Here Ralph *Edwards presents an edition from* July 1955. The planned victim learned of his "fate" in advance, so it turned out to be "This is Your Life.... Eamonn Andrews."

6.30 One Man and His Dog.

7.15 Okavango — The Jewel of the Kalahari.

8.10 The Last Days of Leningrad: The Return to St Petersburg. In June *this year the people of* Leningrad finally rejected the town's 'revolutionary' name and voted *to return* to its historic title, St Petersburg. This portrait of Russia's former capital follows its inhabitants as they argue and reminisce in the *last hours before* the referendum.

9.00 The Last Days of Leningrad: 600 Seconds of *600 Seconds.* *A pro*file of Leningrad's controversial, but popular, current affairs TV presenter, Alexander Nevzorov. The leather-jacketed former *stuntman* talks of his hostility towards democracy and his links *with the KGB.*

9.10 John Sessions' Tall Tales. Last of six one-man plays written and performed by John Sessions.

9.35 Golf. Steve Rider introduces highlights from *today's final round in* the European Cup from Walton Heath Golf Club.

10.15 Film: Solaris. A psychologist is sent to investigate the mysterious *events on a space* station orbiting the remote planet Solaris. On his arrival he begins *to experience* strange hallucinations. Starring Donatas Banionis and *Anatoli* Solonitsin (1972).(English subtitles).

1.05 Close.

LWT

6.00 TV-am. 9.25 The Disney Club. *10.45 Link.* 11.00 Morning Worship. 12.00 The Human Factor. 12.25 pm Way *of the Lakes. 12.55 LWT* News; Weather.

1.00 ITN News; Weather.

1.10 Breadline Britain. Last in series.

1.40 Film: El Dorado. An ageing gun*fighter* (John Wayne) helps his drunken sheriff friend (Robert *Mitchum) to redeem himself and* tackle a villainous cattle baron. Western also starring James Caan and Arthur Hunnicutt (1967).

4.00 Dinosaur! New series. How the *terrible lizards lived, why they* died and the extraordinary men and women who have unearthed their thrilling secrets. Presented and narrated by Walter Cronkite.

5.00 *The London Match.*

6.00 Bullseye. New series.

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 Highway. New series.

7.15 You've Been Framed.

7.45 A Family of Spies. Part one of this two-part mini-series telling the true story of John Walker, who dragged his entire family *into a web of* treachery and deceit when he spied for the Rus*sians for more than 17 years.* Starring Powers Boothe and Lesley Ann Warren. Concluding tomorrow.

9.45 ITN News; Weather.

10.00 LWT Weather.

10.05 Film: The Tenth Man. Unusual story about a Nazi prisoner who gives all *his worldly possessions* to a fellow captive to take his place in front of a firing *squad.* Based on a Graham Greene parable, starring Anthony Hopkins *and* Derek Jacobi (TVM 1988).

11.50 The ITV Chart Show; ITN News Headlines.

12.55 New Music.

1.55 Film: Blood of the Vampire. A mad doctor returns to life after *being executed* and takes control of a lunatic asylum, using the *patients as a blood bank* for his vampirism. Starring Donald Wolfit and *Barbara Shelley (1958);* **ITN News Headlines.**

3.30 Hodson Confidential.

4.00 Police Precinct.

5.00 Soap.

CHANNEL4

6.00 Early Morning. 8.25 *The Sword of Tipu* Sultan.(English subtitles). 10.00 Dispatches *10.45 Dennis. 11.00 Owl TV. 11.30 The Lone* Ranger. 12.00 The Waltons.

1.00 Voyage to the Bottom of the Sea.

2.00 Film: Sweetheart of the Campus. *A college principal objects to* Ozzie Nelson's band playing at a nearby night spot. Also starring Ruby Keeler, Harriet Hilliard, Gordon Oliver and Frank Gaby *(1941).*

3.15 Gaelic Games. Michael Lyster introduces the All-Ireland Hurling Final between Kilkenny and Tipperary, live from Croke Park, *Dublin.*

5.05 News Summary; Weather.

5.10 Family Pride.

5.40 The Three Stooges.

6.00 The *Absolute* Beginner's *Guide to* American Football. As the new season kicks off later this evening, Mick Luckhurst and Gary Imlach explain the basic rules of *the sport for* those new to the game.

6.30 The Cosby Show.

7.00 Equinox. *Cinematic portrait of* Niagara Falls which over the years has symbolised the danger, power, beauty and finally degradation of America.

8.00 *Classic Cars. New series. The* world of the enthusiast and semi-professional car collector, covering models from the Ford Cortina to the Cadillac Eldorado. The first programme endures two days of heat and dust at the world's biggest *autojumble sale* at Beaulieu, where enthusiasts rummage for spare *parts for their bubble* cars and Bentleys.

8.30 American Football. Philadelphia *Eagles v Green Bay Packers.* Kicking off a new season on Channel 4 with *Mick Luckhurst* and Gary Imlach.

10.00 Film: Speaking Parts. Lisa is in love with Lance, *who is in love* with his career. Clara is recovering *from her brother's death. The* link between them all is video in a variety of real and surreal uses. Starring Michael McManus (1989).

11.45 The Street.

12.15 Fontamara. (English subtitles).

1.10 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT **THE FOLLOWING TIMES:-**

ANGLIA:
12.30 *Farming* Diary. 12.55 Anglia News. 1.10 Goals Galore. 1.35 The Spectacular World of *Guinness Records.* 2.00 1991 UK Triathlon Championship. 3.00 Highway to Heaven. 5.00 *Off the Peg.* 5.30 Heirloom. 6.35 Anglia News. 11.50 Yangtze Adventure.

BORDER:
12.30 Gardening Time. 12.55 Border News. 1.10 Border 30. 1.20 The Borderers. 1.50 The Spectacular World of Guinness Records. 2.15 The Old Man and the Sea. 5.00 Scotsport. 6.00 Love 30. 6.35 Border News.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 1.10 1991 Biggin Hill International Air Fair. 2.10 Mysterious Island. 5.00 Action Replay. 5.05 Magnum. 6.35 Central News

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Journal. 1.10 An Englishman's Home. 1.55 Woman of Straw. 5.00 The A-Team. 6.35 Channel News.

GRAMPIAN:
10.45 Interbang 11.15 Let's Rejoice. *11.45 Link.* 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. *1.10 Coronation Street.* 2.05 The Silk Road II. 3.05 McCloud. 5.00 Scotsport. 6.00 Bullseye. *6.35 Grampian Headlines.*

GRANADA:
12.25 Young Up Front. *12.55* Granada News. 1.10 The Wonderful World of Disney. 2.00 Black Jack. 5.00 Bullseye. *5.30 Coronation Street.* 6.35 Granada News.

HTV:
12.30 Survival - The First 30 Years. 12.55 HTV *News. 1.10 Heidi. 2.00 HTV Newsweek.* 2.30 Big City. 5.00 The Big Fish. 6.35 HTV News.

HTV Wales as HTV except:
2.00 Farming Wales.

SCOTTISH:
10.45 Heidi in the Mountains. 11.15 Link. 11.30 *Sunday Service. 12.30 Right or Wrong?* 12.55 Scotland Today. 1.10 Speedway. 2.10 Bowls. *3.10 The Wonderful World of Disney.* 5.00 Scotsport. 6.00 Working Miracles. 6.35 Scotland *Today.*

TSW:
12.30 *TSW Farming* Week. 12.55 TSW News. 1.10 The Middle Years. 1.15 Off the Hook! 1.45 The Spectacular World of Guinness Records. 2.15 The Brave Don't Cry. 5.00 Coronation Street. 5.55 Gus Honeybun's Magic Birthdays. 6.35 TSW News.

TVS:
12.33 Jack Thompson Down Under. 12.58 TVS Weather. 1.10 An Englishman's Home. 1.55 Woman of Straw. 5.00 The A-Team. 6.35 TVS News 11.55 The Human Factor.

TYNE TEES:
12.25 National Aerobic Championships. 12.55 Regional News. 1.10 Highway *to Heaven.* 2.10 The Back Page. 2.40 Cricket. 5.00 Bullseye. 5.30 Coronation Street. *6.35 Regional News.*

ULSTER:
12.30 Gardening Time. *12.55 Ulster Newstime* 1.10 American Century. 2.05 Make It Pay. 2.35 *Farming Ulster. 3.05 Murder, She Wrote.* 5.00 Bullseye. 5.30 Coronation Street. 6.35 Ulster *Newstime 10.00 Ulster Sports Results.* .

YORKSHIRE:
12.25 *Goals* on Sunday. *12.50 Calendar News* 1.10 Cricket. 5.00 Cricket. 6.35 Calendar News.

RADIO

SATURDAY

BBC RADIO 2
6.05 Ronnie Hilton. 9.00 Brian Matthew. 10.00 Anne Robinson. 12.00 Gerald Harper. 1.30 Bob Holness Requests the Pleasure. 2.00 Ed Stewart. 4.00 Kenny Ball. 4.30 Barbershop Style. 5.00 Cinema 2. 6.30 Music By - John Barry. 6.00 Country Meets Folk. 7.00 Two from the Fringe. 7.30 Sounds of the Sixties In Concert. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Brian Matthew. 1.00 Night Ride. 3.00 *A Little Night Music.* 4.00 The Early Show

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 BBC Scottish Symphony *Orchestra.*
9.30 Record Release.
11.35 Chamber Music from Birmingham.
12.50 Table Talk.
1.00 News.
1.05 Montserrat Caballe.
3.25 The Marvel of Our Century.
4.05 Elgar and Glazunov.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 In the Footsteps of Brahms.
7.30 Proms 1991 (Live).
9.40 Anna.
10.10 Violin Sonatas.
11.30 Peter Paul Nash.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; At Last the Go *On Show.*
11.00 News; Talking Politics.
11.30 From Our Own Correspondent.
12.00 *End of a Line.*
12.25 The News Quiz.
12.55 Weather.
1.00 News.
1.10 The Moral Maze.
2.00 News; The Moral Maze.
2.30 Saturday Playhouse.
4.00 The Living World.
4.30 Science Now.
5.00 Singular Scots.
5.25 On the Hour.
5.55 Weather.
6.00 News; Sports Round-Up.
6.25 With Great Pleasure.
7.10 In the Psychiatrist's Chair.
7.45 Classic Serial: The Sea Wolf.
8.45 Kaleidoscope.
9.15 Music in *Mind.*
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 The *Gardening* Quiz.
10.45 Upsetting the Applecart.
11.00 The Tingle Factor.
11.30 The Million Pound Radio Show.
12.00 News; Interlude.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
8.30 Morning Edition.
9.00 On Your Marks.
12.45 Sportscall.
1.30 Sport On 5.
5.00 Sports Report.
6.00 As Radio 4.
7.10 Cricket Scoreboard.
7.15 Box 13.
7.45 As Radio 4.
10.00 Sport.
11.15 Fanshawe on Five at the Edinburgh Festival.
12.00 Sport.
12.15 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin: News in French. 6.59 *Weather.* 7.00 *Newsdesk.* 7.30 Meridian. 8.00 World News. 8.09 Twenty-four Hours live; News Summary. *8.30 From the Weeklies.* 8.45 A Mystical Music. 9.00 World News. 9.09 Words of Faith. 9.15 A Jolly Good Show. 10.00 World News. 10.05 Waveguide. 10.15 Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary. 11.15 Letterbox. 11.30 Londres Midi: News in French. 11.45 Mittagsmagazin: News *in* German. 12.00 Newsdesk. 12.30 Meridian. 1.00 World News. 1.09 News About Britain. *1.15 Multitrack 3.* 1.45 Sports Roundup.

2.00 Newshour. 3.00 News Summary. 3.01 *Sportsworld.* 4.00 World News. 4.15 BBC English. 4.30 News and Features in German. 4.59 Travel News. 5.00 World and British News. 5.15 BBC English. 5.30 *Londres Soir:* News and features in French. *6.14 Letter from* America.

6.29 News summary. 6.30 Heute Aktuell: News and sport in German. 7.00 German features. 7.45 News in German. *8.00 World News.* 8.05 Write On. 8.15 Londres Dernière: *News in French.* 8.30 Letterbox. 8.45 From The Weeklies. *9.00 World* News.

9.09 Personal View. 9.25 Words of Faith. 9.30 Meridian. 10.00 Newshour. 11.00 World News. 11.05 Short Story: Some Enchanted Evening. 11.20 Jazz for the Asking. *11.50* Sports Roundup. 12.00 World News.

12.05 Words of Faith. 12.10 Book Choice. 12.15 A Jolly Good Show. 1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play of the Week: Night and Day.

3.00 Newsdesk. 3.30 Falling *in Love.* 4.00 World News. *4.09* News about Britain. 4.15 *From Our Own* Correspondent. 4.35 Write *On.* 4.45 News and features in German

SUNDAY

BBC RADIO 2
6.00 Graham Knight. *7.30* Good Morning Sunday. 9.05 *Melodies for You. 11.00* All-Time Greats. 2.00 Benny *Green. 3.00 Sounds Easy.* 4.00 The Beautiful Ballad *Years. 4.30 Sing Something* Simple. *5.00* Dennis McCarthy. 7.00 Music in Trust. 8.00 Cantabile at the Mill. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Glen Campbell Presents the A-Z of Country Music. 12.05 Seven Deadly Singsongs. 1.00 Colin Berry with Night Ride. 3.00 A Little Night Music. 4.00 The Early Show

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 Maestro de' Concerti.
9.15 Violin bel Canto.
10.15 Prom Talk.
10.45 A Modest Profession.
12.35 Replay.
1.00 News.
1.05 Your Concert Choice.
2.30 Wolf.
3.50 Poet of the Month.
4.10 Studio 7 Concert.
5.15 Opera News.
6.00 North German Organ.
6.45 The Suk Quartet.
7.30 Proms 1991.
9.30 Sunday Play.
10.45 De Saram Clarinet Trio.
11.25 Dutch Chamber Music.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 The Living World.
7.40 Sunday.
8.50 The Week's Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This *Weekend.*
2.00 Gardeners' Question *Time.*
2.30 Sunday Playhouse.
4.00 News; Arthur - the King.
4.47 Time for Verse.
5.00 News; Coastline.
5.40 First Person.
5.55 Weather.
6.00 News.
6.15 Feedback.
6.30 Murder Most Foul.
7.00 In Business.
7.30 A Good Read.
8.00 Punters.
8.40 Reading Aloud.
9.00 News; Enquire Within.
9.15 The Natural History Programme.
9.59 Weather.
10.00 News.
10.15 Greenham Women, Greenham Men.
11.00 Antony Hopkins Talking About Music.
11.30 Seeds of Faith.
12.00 News and Weather.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 News and 24 Hours.
6.30 Meridian Reports.
7.00 Newsdesk.
7.30 Sunday Edition.
10.30 Waterlines.
11.00 News and Sport; Business on the Move.
11.30 Motoring Madness.
12.00 News and Sport.
12.03 Open University.
2.00 News and Sport; Sunday Sport.
6.00 Sunday Sports Report.
7.20 Open University.
9.00 Soundprint.
9.30 Dragnet.
10.00 Sport.
10.10 Across the Line.
12.00 Sport.
12.10 Close.

WORLD SERVICE
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11.45 Mittagsmagazin: News *in German.* 11.59 Weather. 12.00 Newsdesk. 12.30 The *Ken* Bruce Show. 1.00 News Summary. 1.01 Play of the Week: Night and Day. 2.00 Newshour. 3.00 News Summary. 3.01 The Poisoned Cup. 3.30 Anything Goes. 4.00 World News. 4.15 BBC English. 4.30 News and Features in German.
4.59 Travel News. 5.00 World and British News. 5.15 BBC *English.* 5.30 Londres *Soir:* News and features in *French. 6.14 Club 648.* 6.29 News Summary. 6.30 News *and Features in German.* 8.00 World News. *8.05 World Business Review.* 8.15 Londres Derniere: News *in French.* 8.30 *In* Praise of God. 9.00 World News. 9.09 Folk in Britain. 9.25 Words of Faith. 9.30 Slightly Foxed. 10.00 Newshour.
11.00 World News. 11.05 Music with Matthew. 11.50 Sports Roundup. 12.00 World News. 12.05 World Business Review. 12.15 Letter From America. 12.30 The Poisoned Cup. 1.00 *Newsdesk. 1.30 In* Praise of God. 2.00 News Summary. 2.01 Desert Island Discs. 2.45 A Mystical Music.

CHESS

NIGEL Short has a real chance of challenging for Gary Kasparov's world title in 1993 if he can maintain the form which *defeated Boris Gelfand* 5-3 in their Brussels quarter-final. Short won three games in impressive style, then at the end fought off a massive assault on his king with a winning counter.

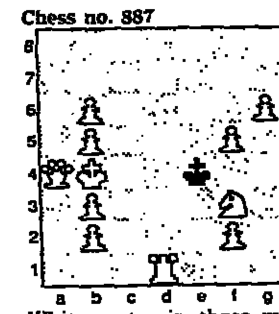
In the other matches sponsored by the Swift banking group, Jan Timman defeated a lacklustre Viktor Korchnoi 4½-2½, Artur Yusupov surprised the favourite Vassily Ivanchuk 5½-4½, while Anatoly Karpov scraped through 4½-3½ after the 21-year-old Indian Viswanathan Anand missed chances to eliminate the ex-champion.

Fide seeded Karpov and Timman 1 and 2 for the semi-finals so Short was paired with the legendary Karpov. Their 10-game series is scheduled for April 1992,and Britain's No 1 is far from a forlorn hope. Even before his unconvincing match with Anand, Karpov showed signs this year that he is past his peak at age 40, while Short has never played better than in recent months.

Short's best win lured Gelfand's pieces to the queen's side, then demolished the Soviet king by an incisive attack(N Short, England, White; B Gelfand, USSR, Black; Sicilian Defence; Game 3,1991).

1 e4 c5 2 Nc3 d6 3 f4 Nc6 4 Nf3 g6 5 Bc4 A popular system on the UK Leigh Grand Prix weekend circuit. Bg7 6 0-0 e6 7 d3 Nge7 8 Qe1 Nd4 Safer a6 and Rb8. 9 Nxd4 cxd4 10 Ne2 0-0 11 Bb3 Nc6 12 Bd2 d5 13 e5 f6 14 exf6 Bxf6 15 Kh1 a5 16 a4 Qd6 17 Ng1! This regroup ties Black's pieces to the doubled d4 pawn. Bd7 18 Nf3 Nb4 19 Qf2 Qc5 20 Bc3 Nc6 21 Rae1 b6 22 Bd2 Nb4 23 Qg3 b5 24 f5! A decisive sequence while *Black* is embroiled on the other flank. exf5 25 Ne5 Be8 26 axb5 Qxb5 27 Rxf5 Kh8 28 Rxf6! Rxf6 29 Ng4 Rf5 30 Nh6 Rb5 31 Qf4 Resigns The mate threats Qf8,Qf6 and Qxd4 cannot all be stopped.

Chess no. 887



White mates in three moves (by V Kopaev). Apologies for last week's printing error which repeated the previous week's board. In the diagram *published* White mates in two by 1 Qb6.

Solution Page XIV

Leonard Barden

BRIDGE

THIS hand was played, at rubber bridge I think, by someone who was widely regarded as one of the best bridge players in the world:

	N	
	♠ 7 6 4 ♥ A 8 4 3 ♦ A 8 4 2 ♣ 8 5	
W ♠ ♥ K 10 6 2 ♦ K 10 6 3 ♣ J 10 9 7 3		E ♠ Q 10 9 8 ♥ J 5 ♦ Q J 7 5 ♣ A 6 2
	S ♠ A K J 5 3 2 ♥ Q 9 7 ♦ 9 ♣ K Q 4	

South dealt at a love score, and *started* the bidding with one spade. Some Norths might bid one no trump, but this North replied with two spades — I agree with this decision — and four spades by the opener closed the brief auction.

West's opening lead was the club knave, taken by the ace, and East returned the 10 of spades. The declarer took this with his king, West showing out, and crossed *to* the diamond ace, led a spade, finessed knave, and cashed the ace. Now deciding to play East for the heart king, South crossed *to the heart ace,* and led back the three. This was covered by the knave, queen, and king. West had to make his 10 of hearts, so the contract went one down.

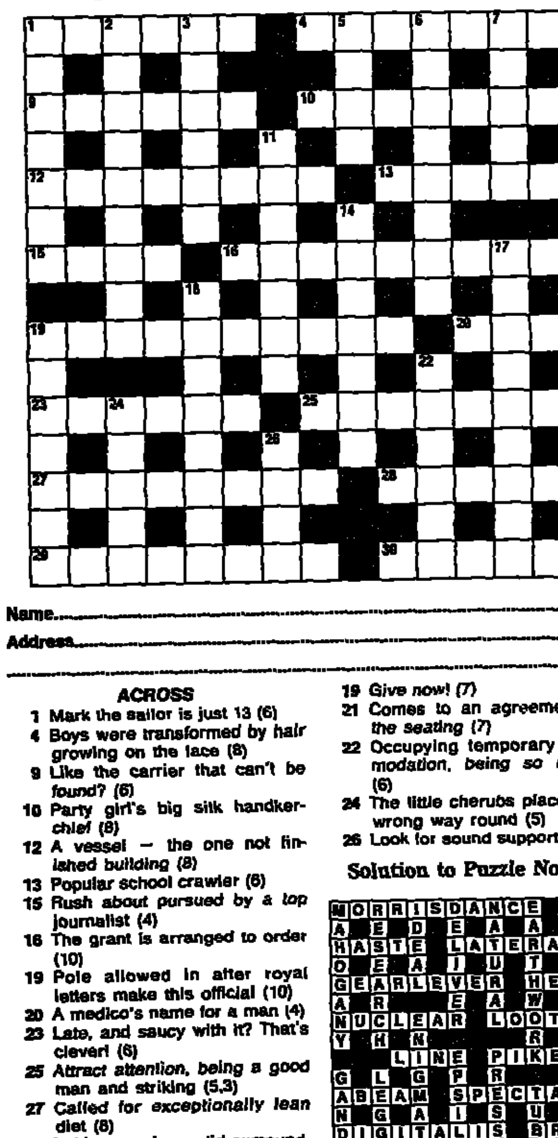
You know my favourite play, which I call Making All the Trumps — I've discussed it on many occasions — let us replay the hand with *this* play in mind. At trick three we cross to the diamond ace, ruff a diamond, *cash the king of* clubs, ruff, yes ruff, the queen on the table, and ruff another diamond in hand. We cross to the heart ace, and ruff the last diamond. *We exit with a heart,* and wait cheerfully to score our ace and knave of trumps *for our contract.* As I've said before, this play seems to be a blind spot with even good players. This hand proves my point.

E.P.C Cotter

CROSSWORD

No. 7,634 Set by VIXEN

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday September 11, marked Crossword 7,634 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday September 14.



Name..
Address..

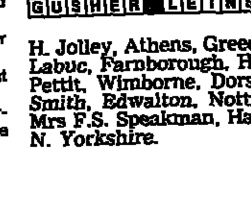
ACROSS

1 Mark the sailor is just 13 (6)
4 Boys were transformed by hair growing on the face (8)
9 Like the carrier that can't be found? (6)
10 Party girl's big silk handkerchief (8)
12 A vessel — the one not finished building (8)
13 Popular school crawler (6)
15 Rush about pursued by a top journalist (4)
16 The grant is arranged to order (10)
19 Pole allowed in after royal letters make this official (10)
20 A medico's name for a man (4)
23 Late, and saucy with it? That's clever! (6)
25 Attract attention, being a good man and striking (5,3)
27 Called for exceptionally lean diet (8)
28 Taking one in sordid surroundings appears excusable (6)
29 When the squeeze is put on them some firing is inevitable (8)
30 Hasten to renovate the old place (6)

DOWN

1 A casual worker has to look lively (7)
2 They'll be there returning thanks over offers made (9)
3 A quietly suffering North American (6)
5 Some very early period (4)
6 Raillery is plainly not good for the elderly (8)
7 Lightweight animal (5)
8 An austere character showing a certain skill in bridge (7)
11 Races held by those involved to be most exciting (7)
14 Delayed accepting further baby-clothes (7)
17 The increase in the rate is put off (9)
18 Make a song about an overturned vehicle causing trouble (8)
19 Give now! (7)
21 Comes to an agreement over the seating (7)
22 Occupying temporary accommodation, being so resolved (6)
24 The little cherubs placed it the wrong way round (5)
26 Look for sound support (4)

Solution to Puzzle No.7,633



Solution and winners of Puzzle No.7,623

H. Jolley, Athens, Greece; Dr S. Labuc, Farnborough, Hants; R. Pettit, Wimborne, Dorset; D.L. Smith, Edwalton, Nottingham; Mrs F.S. Speakman, Harrogate, N. Yorkshire.

The Germans have a word for it

***Dominic Lawson** on why certain Western politicians deserve our contempt*

THE PLEASURE in the West at the collapse of the Moscow coup and the Soviet Communist Party is not the simple one of relishing the overthrow of a tyrannical system.

Instead, I sense that the greatest hand-rubbing is mostly attached to accounts of how various Soviet functionaries who backed the wrong horse are either killing themselves or humiliating themselves by pathetic attempts at exculpation.

The Germans have a word for this phenomenon: *Schadenfreude*, which I believe means joy at others' misfortune. We relish the grimaces of the new unfortunates more than we do the cheers of the newly liberated.

In the UK particularly we have been given delightedly detailed accounts of the twists and turns of Leonid Zamyatin, the Soviet ambassador to London: how he told reporters on the day the coup was sprung that it was not unconstitutional, that Comrade (as he was then known) Gorbachev was really rather unwell. And there is a gloating tone to reports of Zamyatin's recall to Moscow and his pathetic insistence that he is 100 per cent behind Mikhail Gorbachev.

How would British foreign office officials and civil servants behave in similar circumstances?

We recognise in Britain that the stability of government is, if not ensured, at least greatly aided by the pledge of its servants to carry out the orders of its political masters, regardless of their own feelings.

It is true that in our case we are dealing with the transfer of power from one elected party to another, but Gorbachev's legitimacy lay only in his apostolic succession from Lenin, Stalin and the other communists deities; he was democratically elected only in the sense that the Pope was democratically elected by his cardinals.

When we sneer at the apparent cowardice and deviousness of communist officials trying to save their political or actual skins, a certain amount of humility on our part is in order.

I wonder how many of us would, under communist rule, have bought admission to the party in order to further our careers, and, having gained membership, done nothing to endanger our own and our families' security.

Think of corporate man, which is the capitalist equivalent of party man. Corporate man is a model citizen in the West. He is blindly loyal to his company. He never says a word against it in public although privately he may be convinced that it is engaging in unethical practices such as price rigging and environmental despoliation.

He sucks up to his bosses and expects his wife to as well. But when his bosses are sacked his affection is speedily transferred to his new masters. Yet one thing is certain: corporate man, unlike some party men, would never commit suicide if the new boss was an antagonist. The joy of western pluralism is that he could then become a company man for another corporation.

Perhaps the people who deserve the most ridicule are the Western politicians who, with none of the motivation of genuine fear which actuated the Soviet party men, supported the Soviet communists anyway.

A year ago the European Community, led by France, attempted to issue a statement recognising the existing boundaries of the Soviet Union, thereby effectively ratifying the annexation by Stalin of the Baltic states. Britain blocked the move.

But which country is now in the vanguard of the switch to recognise the independence of the Baltics and which country's foreign minister is now whistle-stopping through Lithuania, Latvia and Estonia? – France, barely a week after its president refused to condemn the coup until it was over. Unlike former Soviet prime minister Pavlov, president Mitterrand does not even have the excuse that he was drunk at the time.

■ *Dominic Lawson is editor of The Spectator.*

Colin Beere

Private View

The functional vision of a professional European

***Christian Tyler** talks to Uwe Kitzinger about the state of the nations*

IF ANYONE qualifies for the label Professional European, then Uwe Kitzinger is that person. He was born in Germany, lives in Britain and holidays in Yugoslavia; he has worked in Strasbourg for the Council of Europe, in Brussels for the European Commission and in Fontainbleau as dean of that polyglot business school, Insead.

Kitzinger (he attaches no academic handle to his name) has just retired as president of Templeton College, Oxford, a faded example of concrete modernist architecture squatting in lush pasture some miles out of the university city. Templeton, better known under its former name, the Oxford Centre for Management Studies, has been his work for over a decade, but his preoccupation has always been with Europe – specifically, the mechanisms for developing the European Community.

Of course, you say, the name Kitzinger rings a bell. So it does. But for most people outside the charmed and lofty circle of European *hommes d'affaires* it stands for something rather different: natural childbirth. Uwe Kitzinger's wife, Sheila, social anthropologist and mother of their five daughters, has for 30 years been pouring out, at the rate of almost one a year, popular books on pregnancy and breastfeeding, epidurals and episiotomies. The couple's first grandson was born according to the Kitzinger method – at home and under water.

"I'm very proud of her. It's very nice," Kitzinger said when I asked what if felt like to be less well known than his wife in spite of his attainments. "She's had a revolutionary influence all over the world and she's now devoting her energies to eastern Europe." He sounded a little disappointed, however, that his girls had followed their mother into social work and had not shared his political idealism.

Kitzinger has the brusque, meticulous manner appropriate to an Oxford don and the air of imperious intellectual vanity you might expect in someone who has been through New College and Balliol with a First and has been president of the Oxford Union to boot. The black eye-patch does not make him any the less intimidating. But these are surface impressions.

He described his first job, as the first British economist of the Council of Europe, as "a fairly imaginative recruitment" as well as a piece of good fortune. "Similarly, I give Christopher Soames full marks for making me one of the first four Brits to go to Brussels in 1973."

Not a particularly self-effacing start, I thought. But at the end of the interview, sitting in the sun on the balcony outside his office, Kitzinger showed a more human side.

His career, he said, had been motivated by a sense of guilt that he was too young to fight against Hitler (he was born in 1928) and a desire to help post-war reconstruction. His parents had fled Germany because the Nazis had tried to make his father divorce his mother, who was Lutheran by religion but Jewish by descent. "I wanted to build a new order," he said.

Kitzinger is a proponent of a federalist vision of Europe, although he prefers to call it "functionalist". In view of developments in Yugoslavia and the Soviet Union, both federations (at least nominally), and both about to be torn apart, I asked him to explain what he meant. Weren't events in Yugoslavia a bad advertisement for the concept?

"It shows it wasn't federal enough, doesn't it?", he replied.

Kitzinger knows Yugoslavia well: he moors his sailing boat on the coast of Croatia and talks politics with the locals.

"There's a lovely saying about Yugoslavia: 'Seven provinces, six languages, five religions and . . .' (they add this with a big grin) ' . . . one federal government that looks after us all.' It's a thing that cannot exist as it is – it has got to become much more federal or it's got to break up.

"The nation state is basically the wrong size for a lot of our problems: it's too big for many problems and it's too small for many others."

In matters of culture – education, for example – power would be devolved downwards, to the regions. According to Kitzinger, his "functionalist" structure for Europe could thus dissipate some of the worst cross-border tensions. "It may be that in Northern Ireland we can disaggregate the sovereignty of the British state and let Catholics take decisions together with Eire, and Protestants decisions together with the English or the Scots.

"It is by trying to cling to the notion of sovereignty – that all decisions are ultimately taken by one territorial entity, that all powers are accumulated in that one monopoly over a given territory – that we cause so many problems."

The problems of the coming century, such as irreversible ecological damage, nuclear proliferation, hunger, mass migration and human rights were just too big for nations acting alone. Even the EC would be too small for some of them.

"I'm against a European bloc. I'm not saying that all functions that are now accumulated in the 12 member state capitals should be transferred to Brussels, Luxembourg, Strasbourg. That's exactly what I'm not saying.

"What I *am* saying is that some of those national powers need to be devolved to Scotland or Wales, or Brittany or the Basque country or Catalonia; others need to be retained at the national level, others need to be pushed up to the European level and that others still need to go to the world level.

"There can be overlaps and interlaps. What you want to start with is not history, language and religion. You've got to keep your eye on the problems which are really threatening the future of humanity."

But what about national identity, I asked him. If a nation state loses its full powers of self-determination, doesn't its national identity suffer?

"Well, what's an identity? The Welsh lost their power of self-determination a very long time ago – yes, perhaps they have suffered. The Scots did in the Act of Union – perhaps they have suffered. But think of what they gained!"

Well, they gained economic security.

"They've also gained power in London, not only jobs, but power. If the Scots had been aliens in London, what would have happened to British science, to the British banking system, what would have happened to British politics? They're playing on a larger stage, they're working with larger levers."

Is national identity an immovable, immutable thing?

"Well, you ask a Welshman whether he's Welsh or British or European. Particularly ask one who's working in a Japanese factory in Wales. What is he? He's a human being.

"Only for religion have more atrocities been committed than for national identity. I think in culture it's wonderful to have a national identity and a national diversity which we can all rejoice in. But in economics most of the smaller nation states don't make sense."

What is it about the British national identity that makes the UK such an odd man out in Europe?

"Because we're an island we had a nation state very early. When you go to Strasbourg, into the cemetery, you will find family tombs where grandfather died for France against Germany in 1870, father died for Germany against France in 1916, three brothers died – one for France against Germany in 1940, one for Germany against Russia in 1943 and one in the Free French forces against Germany in 1944. So what is a national identity? If you're on an island it's easy."

What about the loss of democratic accountability?

"The question of democratic control is clearly a matter of degree. When my village of Standlake has a meeting I would be one of 20 people and I might consider myself as having 5 per cent of influence.

"At the West Oxford district council I would clearly have less influence. The notion that my vote for or against Douglas Hurd in my constituency is going to get Douglas in or out is, of course, I'm afraid, ludicrous. In a Euro-constituency" (Kitzinger struggled for a moment to remember the name of his Euro-MP, Sir Henry Plumb) "clearly I have even less share of power and in the United Nations even less. But that's inevitable; that's the nature of things.

"Since we do not, fortunately, live in a single-issue state it is active participation by those interested that actually makes the difference, for example by writing a letter to the *Financial Times* or whatever.

"You know, it's a modest approach, it's an empirical approach and above all I hope it's a forward-looking approach because it starts with the problems instead of starting with the history. And our particular problem in Britain is that we have too much history.

"The other day I said to somebody from the university that it had taken longer to integrate Templeton College into the university than to integrate East Germany into West Germany. And the answer was 'Yes, the university has been in existence 700 years and Germany only 100 years, so you would expect it to take seven times as long.' That's not an answer that anybody would have given in Germany."

"History can be a help, history can also be a hindrance. But if it means we're always lagging behind problems, sooner or later there will be problems which we are simply too late for. And it's this always being too late that bothers me."

Oh, to be in Notting Hill

Michael Thompson-Noel

"GIVEN THE opportunity and the money, I would always spend the spring in Tuscany," wrote Joan Bakewell in one of the colour mags last weekend. "In May or October, I would be in Sicily, in Venice in September, India in January, Brazil in December, the West Indies in February. But I would always make sure I was in Britain in August."

Given the opportunity, there are some of you, I know, who would make *sure* that Joan Bakewell spent the spring in Tuscany, May and October in Sicily, September in Venice, January in India, etcetera, and would even voice misgivings about allowing her into Britain for the single month of August.

But I am not among you. When I was small, Joan Bakewell was one of my pin-ups, a queen bee who talked sexily about arts and culture and whose tea-cup vowels and Sevres-type colouring seemed to me then – I believe I was simple – to represent all that was best in womankind.

HAWKS & HANDSAWS

These days, Joan is not so much the queen bee as the Queen Mother of the arts scene, but I have not deserted her, nor cast her down. She still gets my vote, as she did last Saturday when squittering on about how fine it is to spend August in Britain . . . uncrowded, congenial, unharassed . . . tennis and cricket . . . no heat prostration or dehydration . . . outings, festivals, open-air opera . . . friendship, informality, cheerful taxi drivers and shop assistants . . . the Proms, listening to the radio . . . greengages, damsons, the fruits of the season on every bough and twig . . . fecundity such as Samuel Palmer etched and painted, and of which Blake sang . . . butterflies, midges, gnats dancing in sunlight.

It was one of those "feel good" pieces so beloved of editors in August-time, on the grounds – which have always struck me as dubious – that the entire readership is on holiday, nothing is happening anywhere, the markets are just idling, and that those of us who remain at our desks in August were so disadvantaged when they were handing out IQ's that the only fodder we can handle are feel-good features with chirpy themes, such as *the golden days of August-time*, written by the jolliest of good eggs, such as sweet Joan, and then edited and captioned by a graduate of the Golly-Gosh School of Journalism.

I did *not* spend last weekend singing opera in the open air, or hob-nobbing with Lady Beaverbrook at the races, or eating potted shrimp sandwiches off a pretty picnic cloth while all around me items of fruit ripened and swelled on every twig and bough.

I stayed at home and went to the Notting Hill street carnival. Rather, the carnival came to me, for the procession winds its tumultuous route to within a few yards of my flat – a fact I shall keep quiet about when I come to sell it, which will not be in August-time but in April-time or May-time when, just for a few minutes, London is green and clean and our street looks half-way decent and the throb and roar of carnival-time is still a long way off.

I enjoyed the carnival this year. It seemed less menacing than usual, something for which the organisers and police deserve the thanks of locals. There were various arrests and stabbings, including the murder of a young man as he was leaving the carnival.

In the main, though, there was a feel-good mood in the streets of Notting Hill last weekend that chimed well with Joan Bakewell's breathless bucolicism and served to remind me that we are in for a feast of feel-goodery as the politicians and other spin-merchants return from their holidays and start cranking up the bandwagon for the coming general election.

We haven't heard much from chancellor of the exchequer Norman Lamont recently. But do not despair. Norman has not been rendered speechless. He will be with us shortly, massaging our wounds and soothing our brows. It was, after all, a very minor recession. Just a squiggle in the graph lines. From the moon, we wouldn't even see it.

■ WHEN I wasn't keeping half an eye on the carnival, I was watching bits of the world athletics championships from Tokyo, especially Carl Lewis's world record-smashing performance in the 100 metres. But I have lost my taste for athletics.

I lost my taste for athletics in the hours immediately following Ben Johnson's expulsion from the Seoul Olympic games in 1988, following *the revelation that Johnson – the* biggest sports cheat in history, as I spitefully described him later – was a steroid-man: a pumped-up *humanoid who had tricked the* world.

Well, he certainly tricked the sportswriters. Many of us in Seoul *were aware of the drug rumours* regarding Johnson in the run-up to the Olympics; but it is hard to call a man a steroids cheat unless you can *prove it*, and by the time Johnson went to Seoul most sportswriters had forgotten or suppressed the knowledge that Johnson's stupen*dous physique and race-times were* attributed, in some quarters, to chemical aids.

When I want to remind myself of *my own fatuousness and gullibility*, I look back to an article I wrote 11 weeks before the Seoul games. In that article I surmised that Johnson's (*now disregarded*) world record of 9.83 seconds for the 100m might survive until well into the 21st century; likened him to a Chief*tain tank; said that his speed off the* starting block was so great that he regularly deceived the eye and even the track-side computer, and *reported that doctors had discov*ered that good old Ben used 3,000 watts of energy per stride and braked more efficiently than a car.

No wonder that the heroes of track and field now seem to me less glamorous than piled ash; or that I won't be attending any more Olympics.

The ultimate fishy story

*The Shark is an endangered species in Oxford. **Patricia Morison** reports*

ON AN August morning five years ago, a crane lowered the Shark on to the roof of a terraced house in Oxford. Number 2, New High Street, Headington, is a small house and the Shark is 25 ft long, fibre-glass, and highly realistic. It appears to plummet out of the sky, a grey-and-white monster which rips into the roof in a scatter of slates and splintered wood.

Every summer since 1986 could have been the last for *Untitled 1986*, John Buckley's controversial and, to my mind, splendid sculpture. Now, for its enemies and supporters, one last battle lies ahead.

The Department of the Environment has granted the Shark's owner, William Heine, permission to take his case to a public enquiry. In June, Oxford councillors ruled that the Shark was illegal and must go. It had been installed in contravention of the Town and Country Planning Act.

Messrs Heine and Buckley had argued that works of art do not need planning permission. The past five years has seen a process of petitions, surveys, appeals, decisions made and overturned. The Shark has many friends, and not all the councillors dislike it. Rumour has it that this time the committee was equally split and that a funeral had called one admirer away. The chairman used his casting vote against the sculpture.

At this point, inhabitants of East Oxford wondered about the chance of a Shark War. Historically, Oxford has a reputation of a peaceable town. Heine, however, lives within sight of the Oxford United grounds and some of the Shark's opponents have suggested that the monster might provoke the hooligan element. Perhaps mindful of this, the council has said that it will not use its legal power forcibly to remove the illegal sculpture – with the bill going to Heine.

And so the Shark has again won a temporary reprieve. While there is still time, I recommend that you see *this late-20th-Century objet*. Roof-spectacles of this kind are quite common in the US, which is where Heine comes from. However, in Britain such sculptures are rare and if the Shark goes, the breed may become extinct. Which is exactly what many of its opponents hope. They argue that the Oxford Shark sets "a dangerous precedent" which, if allowed to pass, could put a menagerie of giant beasts up on roofs across the land. Another objection is that it could attract coachloads of trippers.

One of the Shark's most active campaigners is June Whitehouse, a retired schoolteacher who lives in the same street in a cottage she has renamed Shark View. Here she keeps the now extensive archives. A poll taken in the street in May showed that 120 residents approved of the Shark whereas 20 wanted it removed. The tales of pantechnicons of trippers Whitehouse dismisses as fanciful, although she admits that local ambulance-drivers sometimes turn into the street when they are taking patients to the nearby children's hospital.

Children do seem to enjoy the fantastical Shark, and Whitehouse has sheaves of poems to prove it. "The fish that landed on the tiles/ Has raised a hundred thousand smiles", runs one. Not that *Untitled 1986* was intended as a comic turn – quite the opposite.

Heine took his degree at Balliol College in the late 60s, after serving in the Peace Corps in Nicaragua and Peru. A long moustache, denims, and sandals, convey more than a hint of the 60s and the shark, too, seems to owe something to an era of liberal consciences.

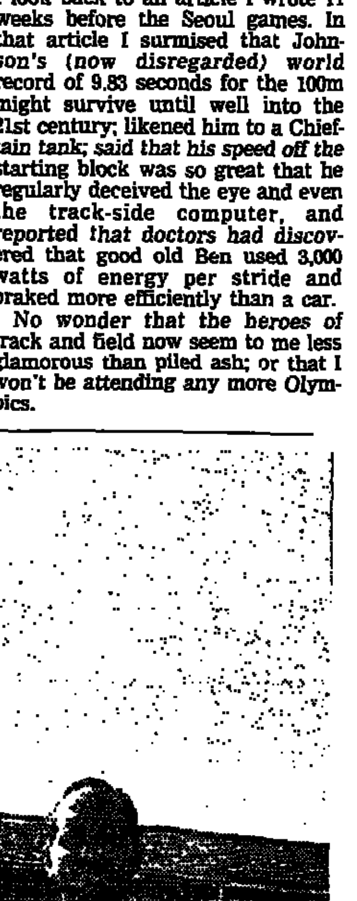
The story of how the Shark happened goes as follows. On April 15 1986, the day Heine bought his house, the American air force bombed Tripoli. As he recalls: "Houses similar to this in suburban streets were being shattered, so I decided to use the house as a plinth." The Chernobyl disaster and the anniversary of Nagasaki underlined the point about the fragility of ordinary lives. Francis Bacon's paintings, with their grey fleshiness and sense of terror, also influenced him. Eventually, with his friend, *sculptor John Buckley, they* dreamed up the Shark.

Buckley has made a number of "political" works. He expected that *the shark would run into trouble*. There was a pre-history with the commission for Al Jolson hands, reaching out from the facade of the Penultimate Picture Palace. This was the first of Heine's two cinemas in Oxford, and the art-work was a memorial to the building's past – built in 1909, it had been the town's first purpose-built cinema. The students were happy, but not so all the residents.

The cinema remains, as did the offending hands, which eventually made it past the planners. So, too, did the can-can dancer's legs on the front of Heine's second cinema, called Not The Moulin Rouge. The legs were moved to Brighton when the cinema lease ended.

The shark is in a different artistic league from either of these and yet, ironically, it may have to go. At one point in the wrangle, the council offered to site the art-work elsewhere but Buckley's response was that this would be "like cutting a *finger off Michelangelo's David and* putting it on a pedestal."

He is correct. The sculpture is "site-specific". It will also, by the end of its life, have proved expensive. Heine has already paid a fine of £6,000. Oxford residents are being warned that the cost of the public appeal may end up on their rates bill. But at least, if Heine is as good as his word, the Shark's supporters will see him fighting to the end. We should have a whale of a time.



Lydia van der Meer

John Buckley: 'works of art don't need planning permission'